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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Friday July 12 1985

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World news Business summary

Protest on French N-tests to continue

Greenpeace, the environmental group, is determined to continue the protest against French nuclear testing in the Pacific despite the sinking of its ship Rainbow Warrior and the death of one crew member in Auckland harbour after a bomb attack on board, according to an official.

New Zealand Prime Minister David Lange said the bombing had "political or terrorist overtones" and had won the group new support.

Asked about a rumour that Lange was planning to offer a fugitive to resume the protest, the Greenpeace official said he had not received the offer but would welcome it. Page 3

Reagan victory

President Reagan won a vote in Congress to expand his power to act against nations aiding terrorists and to lift a ban against U.S. aid for rebels in Angola. Page 4

Peru bombings

Marist guerrillas have bombed party political offices and blocked out most of Lima in a direct challenge to Peru's newly elected Government. Page 4

Poll forecast

French President François Mitterrand expects the tightrope walk to win next year's parliamentary elections and said he would "cohabitate" with the opposition providing he retains control of foreign affairs. Page 2

Strike postponed

Israel's civil servants postponed until Sunday their strike over layoffs and wage cuts.

Recorders found

Both flight recorders from the Air India jumbo jet which crashed into the Atlantic last month, killing all 329 people aboard, have been recovered. Page 2

Death for spies

The U.S. House of Representatives has voted overwhelmingly to reinstate the death penalty for military personnel convicted of spying.

Ape trade

The King of Belgium has been accused of smuggling rare apes and ivory on his return from a state visit to Zaire.

VW strike

Workers at VW's South African plant resumed on strike for the second day after management decided to lend minibuses to New Zealand for the coming rugby tour. Page 3

S. Korea for UN

South Korea will seek separate full admission to the UN, breaking a long-standing policy of seeking simultaneous admission with North Korea. Page 3

Bhopal closure

Union Carbide's pesticide plant in Bhopal was closed and workers said they were staging a six-day protest campaign for other jobs.

Chinese tour

China's President Li Xiangnan has begun a goodwill tour of Canada and the U.S. after saying the Taiwan issue remained the biggest obstacle in Sino-US relations. Page 3

Iranian chief

Speaker of the Iranian Parliament Rafsanjani is tipped to become the country's next Prime Minister, say observers in Tehran. Page 3

Ban lifted

The International Football Federation lifted the ban on English clubs playing outside Europe, but the indefinite European Football Union ban on their playing in Europe stays.

Kaiser Aluminum plunges into red

KAISER ALUMINUM and Chemical Corp. of the U.S. reported a second-quarter loss of \$14.3m, or 35 cents a share, compared with a \$32.6m profit, or 74 cents a share, in the 1984 period.

The group attributed the downturn to lower aluminium prices which more than offset the effect of stable cost reductions it had achieved.

Sales during the second quarter rose to \$945.3m from \$794.7m in the 1984 second quarter.

WALL STREET: The Dow Jones industrial average closed 4.81 up at 1,337.70. Page 40

LONDON equities received a confidence boost from a move towards lower interest rates. The FT Ordinary share index rose 11.3 to 934.4. Gilt continued to rise. Page 40

TOKYO fell sharply led by biotechnology and blue chip stocks. The Nikkei-Dow market average dropped 153.99 to 12,888.10. Page 40

DOLLAR remained weak in London, falling to DM 2.9185 (DM 2.9375), SwFr 2.4335 (SwFr 2.45), FFf 6.87 (FFf 6.935) and Y243.0 (Y243.45). On Bank of England figures the dollar's exchange rate index was unchanged at 140.3. Page 33

STERLING showed a weaker trend in London, losing 45 points against the dollar to \$1.382. It also fell to DM 4.0275 (DM 4.0725), SwFr 3.3625 (SwFr 3.395), FFf 12.265 (FFf 12.3775) and Y235.5 (Y237.5). The pound's exchange rate index closed at 83.4 from 83.9 previously. Page 33

GOLD: In New York the Comex August settlement was \$315.10. Gold was unchanged on the London bullion market at \$314.75 and fell \$1.20 in Zurich to \$313.75. Page 32

CHINA'S industrial output rose 23.1 per cent in the first half of 1985, nearly three times the state target of 8 per cent, the Government said.

ISRAELI foreign currency reserves dropped below \$2bn at the end of June. The amount is about enough to cover six weeks' imports of essential items such as oil, wheat and raw materials. Page 3

JAPAN'S trade surplus with China for the first six months of 1985 will be more than double that for the whole of 1984, according to Japan's External Trade Organisation. Page 5

U.S. COMMERCE Department forecast a rise of between \$16bn and \$36bn in the merchandise trade deficit this year. Page 4

EUROyen market took another step towards liberalisation with the issue of the first floating rate note, for Credit Fustier. First European zero-coupon issue is expected from Swedish Export Credit soon. Page 21

SPANISH authorities sold the last remaining piece of the former Rumsa conglomerate, the construction company Hispano Alemanna de Construcciones, to Transworld Construction, a U.S.-based consortium with U.S., Dutch, Swiss and Mexican capital. Page 21

BMW and AUDI, West German motor manufacturers, said they were confident of good results this year after strong first-half sales gains despite a decline in the domestic market. Page 21

FORSCHE, West German sports car manufacturer, said its top sales executive, Herr Jon. Nedelcu, was leaving after little more than 18 months with the company. Page 21

CHEMICAL BANK of the U.S. pushed up second-quarter net earnings by almost 40 per cent to \$107.3m, or \$2.03 a share, from \$76.8m, or \$1.45. Page 21

KLOCKNER & Company, West German steel trading and engineering concern, expects a further improvement in profits for 1985 after last year's DM 10m rise to DM 41m (\$13.8m). Page 21

Mexican oil price reductions put new pressure on Opec

BY DAVID GARDNER IN MEXICO CITY AND IAN HARGREAVES IN LONDON

MEXICO CUT the price of its crude oil yesterday and announced a new, market-oriented differential price structure. The move, although expected, appears to mark a significant break in the country's strategy of keeping its prices in line with those set by the Organisation of Petroleum Exporting Countries.

The package involves an average cut in light crude prices of \$1.24 a barrel and \$0.77 a barrel in heavy crude prices. This will increase pressure on Saudi Arabia to follow other Opec members in offering discounts from official prices.

COMPARISON OF OIL PRICES (\$ a barrel)			
	U.S.	Far East	Europe
Mexican Light (Night)	26.75	26.50	26.25
Mexican Heavy (Night)	23.50	22.00	22.50
Arabian Light	26.00	26.00	26.00
Arabian Heavy	25.50	25.50	25.50

day (b/d), against an official target of 1.5m b/d. This is the worst monthly performance since July 1981, when in chaotic response to that year's oil price fall Mexico changed prices three times and dismissed the head of Pemex, the state oil monopoly.

The Mining and Energy Ministry said that 80 per cent of world oil transactions in the past two months had taken place at prices "substantially below" Opec official rates. Mexico, it said, "could not tolerate being progressively pushed out of its traditional markets through widespread recourse to irregular commercial practices by other exporters."

In the past 18 months, Mexico -

which is not a member of Opec but which often attends Opec meetings - has tried to march in step with the organisation, but has become increasingly frustrated with Opec's inability to discipline output and prices.

It had warned Opec ministers following the organisation's fruitless meeting recently in Vienna that it would have to go its own way on pricing if co-ordinated action could not be agreed.

The main details of the new price structure are:

● The price of Isthmus light crude for June will be cut, retrospectively, from \$27.75 a barrel to \$27.55.

● From July 1, prices for the key U.S. markets will be \$26.75 for Isthmus and \$28.50 for Maya. For the Far East, principally Japan, Isthmus will be priced at \$26.50 and Maya at \$28.50. In Europe, Isthmus will be \$26.25 and Maya \$28.

Mexico's main market is the U.S., where it has a self-imposed limit of half its total sales. In recent months, 48.9 per cent of sales were to the U.S., not including sales of semi-refined crudes.

Continued on Page 20
Mexico ends free peso rate, Page 4; Oil prices, Page 32

Hongkong Bank to raise \$400m in Euromarket

BY DAVID DODWELL IN HONG KONG

THE HONGKONG and Shanghai Banking Corporation is making its first, foray into the international capital markets in its 120-year history, raising U.S.\$400m by issuing primary capital floating rate notes.

The issue is the largest yet mounted by a Hong Kong corporation and will be the bank's only outstanding loan capital.

Mr William Purves, the bank's deputy chairman, said yesterday: "It seems an opportunity to raise significant capital and it is a bonus that it is treated as primary capital."

Hongkong Bank is the world's 14th largest bank in terms of published capital, according to the latest issue of Euromoney's list of the top 500 banks. It has total assets of over \$100bn and has over 1,000 offices worldwide.

Suggestions that it plans to use its enlarged capital base to mount fresh acquisitions were flatly denied by Mr Purves. He said the bank had no current proposals for

any major acquisition. The funds would be used in the bank's "general international business," he said.

Among recent major outlays, it acquired in February an 80 per cent interest in a banking venture in Australia in collaboration with the Victoria Economic Development Corporation. The new bank will be capitalised at A\$150m (U.S.\$104m). Hongkong Bank has also spent heavily in the recent past on its headquarters building in Hong Kong, which will cost at least HK\$50m (U.S.\$6.5m) by the time it is complete.

Undated primary capital floating

rate notes were introduced to the London market in May this year. Since then, a number of leading banks have used the instrument, raising a total of U.S.\$3.5bn.

Hongkong Bank has awarded the mandate to arrange the issue to Lloyds Merchant Bank and Wardley London. The notes will carry interest of 0.25 per cent a year above the six-month London interbank offered rate (Libor), in line with the previous primary capital FRNs.

At present, shares are the bank's only class of capital. In March 1981, it mounted its first rights issue in 50 years, raising just over HK\$2bn from inner to general reserves in 1983. At the end of 1984, share capital amounted to HK\$1,150m, with general reserves of HK\$13,70m. The size of inner reserves is unknown except to the bank in itself and Hong Kong's banking authorities.

International Capital Markets, Pages 21-23

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Saxon and Charterhouse agree £188m merger of oil interests

BY DOMINIC LAWSON IN LONDON

CHARTERHOUSE Petroleum and Saxon Oil, two independent British groups, have agreed to a £188m merger.

The new company, to be called Saxon Petroleum Corporation, will have interests in 71 North Sea blocks, a bigger spread than any other UK independent oil company aside from British Petroleum.

Saxon Petroleum will have UK onshore interests covering 1,150 acres, more than any other oil company.

Mr Anthony Craven Walker, managing director of Charterhouse and chief executive-designate of Saxon Petroleum, said yesterday: "This is a very powerful British company, with a cash flow to support a massive exploration programme."

Charterhouse Petroleum produces about 12,000 barrels of oil a day from a number of small interests in the Thistle, Deveron, Forties

and Buchan oilfields. It also has cash assets of £50m.

Saxon, which like Charterhouse was formed only five years ago, has a 30 per cent stake in the undeveloped Miller oilfield, amounting to about 45m barrels. The key to the merger is that Miller production should start in 1990, when Charterhouse's oil production will be declining.

Mr John Heaney, Saxon's chief executive and deputy chairman of the new company, said a main reason for the merger was to create a company big enough to expand internationally. "We will break out of the North Sea straitjacket," he said.

The company planned to prepare by December a corporate plan for overseas expansion. Mr Craven Walker said: "We expect large amounts of overseas assets to become available over the next three years," he added.

Since Charterhouse approached Saxon late in April the share prices of the two companies have fallen by about 25 per cent. The new company will be held 58 per cent by Charterhouse shareholders and 42 per cent by Saxon shareholders.

Saxon's share price gained 45p yesterday in London to reach 350p, while Charterhouse shares dropped 4p to 81p, valuing it at £110m out of the merged market value of £188m.

Saxon Petroleum is offering 1 of its new shares for each Charterhouse share and 22 of its new shares for every 5 Saxon shares. Saxon Petroleum will declare a dividend of 1.5p net a share for the part year to December. It will be the first dividend for Saxon Oil shareholders.

News analysis, Page 27; Men and Matters, Page 18; Lex, Page 28

'Humbled' Coke makes best of a bittersweet blunder

By William Hall and Paul Taylor in New York

COCA-COLA, the world's biggest soft drink group, admitted yesterday it had been caught off guard and "humbled" by a consumer outcry against a new and sweeter version of its original brand.

The Atlanta-based cola giant formally announced yesterday the reintroduction of its old Coca-Cola brand - renamed "Coca-Cola Classic" - just three months after it had scrapped the "real thing."

It was responding to a vociferous lobby group of "Coke loyalists" who demanded the company with letters, telegrams and telephone calls demanding a return to the old flavour.

But the company defended itself against critics who suggested it had made a huge marketing blunder, and others who speculated that the company had planned the reintroduction of the old Coke taste all along as a Machiavellian-style marketing ploy.

"Some might say Coca-Cola made a mistake; cynics might say we planned the whole thing," said Mr Don Keough, Coca-Cola's president. "The truth is we are not that dumb and we are not that smart."

Coca-Cola's senior executives, usually considered among the most conservative and astute marketers in the nation, insisted that the new "still wins all the taste tests" but acknowledged that an extensive pre-launch market research programme - said to have cost \$4m - had failed to pick up a groundswell of popular "patriotic" support for the old Coke, particularly apparent in the company's southern U.S. heartland.

The \$7.4bn-a-year company said "Over 40m consumers every day in the U.S. enjoy today's Coca-Cola, but thousands of dedicated Coca-Cola consumers have told us they still want the original taste as an option. We have listened."

Mr Roberto C. Goizueta, Coca-Cola's chairman, told packed, satellite-linked press conferences in New York and Atlanta that the company had "listened to the complaints and will satisfy their needs - frankly to retain their business and most importantly their friendship."

Mr Goizueta, who said the final decision to reintroduce the old cola was taken on Monday, said Coca-Cola Classic would be marketed alongside the flagship brand Coke, and sold at the same price. "We will be giving our customers a new option," he said.

The company, whose share price continued to soar yesterday after the announcement, reaching a 12-year high and trading at about

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London opens way for cut in base rates

BY PHILIP STEPHENS IN LONDON AND OUR FOREIGN STAFF

BRITAIN'S leading banks are expected to announce a ½ percentage point cut in their 12½ per cent base lending rates after the Bank of England signalled yesterday that sterling's strength justified a small reduction in borrowing costs.

Elsewhere in Europe yesterday, Sweden and France also took advantage of the weakening dollar to announce cuts in interest rates.

The central bank in Stockholm cut key rates by 1 percentage point to ease the monetary squeeze imposed eight weeks ago to bolster the krona in the face of a rising outflow of currency.

The Banque de France, meanwhile, reduced its money market intervention rate by ¼ point to 9½ per cent - a larger fall than the markets expected - to encourage commercial banks to reduce their base rates at a time of slow growth in the French economy.

Dutch banks, moreover, were reported to be considering removing a ½-point surcharge which they have applied to their loan rates since February. The removal of this surcharge was likely to precede any move by the Dutch central bank to cut its discount rate.

In London, leading banks were expected to cut their rates this morning, barring an unforeseen reversal in sterling's fortunes. Citibank, the U.S. bank which recently won status as a British clearing bank, cut its rate by ½ point to 12 per cent yesterday.

The Bank of England cut its money market dealing rates - regarded as the key to official interest rate policy - by a total of ½ point yesterday despite the surge in sterling M3, the broad measure of the UK money supply, announced on Tuesday.

There was some initial uncertainty, however, as to the exact signal the authorities were trying to give.

The central bank initially cut its dealing rates by ¼ point. When that failed to elicit any response, it announced a further ¼ point cut in the afternoon, but that was too late in the day to bring an immediate reaction from the commercial banks.

The authorities' cautious tactics were intended to indicate that, while they wanted a ½ point cut in base rates, they did not want to suggest that rates could come down any further.

This approach, however, caused confusion and some resentment among the British banks. They disliked the implication that they should take the initiative after the first small cut in official dealing rates, particularly in the light of the current row over interest rates between the Confederation of British

Industry (CBI), and the Conservative Government.

Government officials emphasised yesterday that the interest rate cut was consistent with its policy of maintaining borrowing costs at whatever level was needed to keep downward pressure on inflation.

Because of the very rapid appreciation in the pound's value over recent months, the Treasury is now forecasting that inflation in the second quarter of next year could be lower than the 4½ per cent predicted in its March budget.

The interest rate move indicates that the Treasury has formally downgraded for the time being at least the importance of sterling M3 when judging the level of borrowing costs.

Sterling M3 has been growing by an annual 12 per cent, well outside its 5 per cent to 9 per cent target range, but the authorities are blaming much of the overshoot on structural changes in the economy.

The CBI, the leading employers' group, will continue to press for further reductions in interest rates, with yesterday's move being seen as insufficient to bring the fall in the value of the pound against other European currencies that industry is seeking.

While sterling's rise against the dollar has been generally welcomed in Britain as necessary to put downward pressure on inflation, industrialists see the parallel surge against the D-Mark as seriously threatening the UK's competitive position.

Yesterday after its initial fall, sterling recovered against most currencies, though it ended the day lower than on Wednesday. It closed at \$1.3820, down 0.45 cents, but more than 2 cents higher than its early lows.

The sterling index, which measures its value against a basket of currencies, fell 0.5 points to 83.4.

The dollar, hit by the current sluggishness of the U.S. economy fell to its lowest level since September of last year against the D-Mark closing 1.9 pence lower at DM 2.9185.

The prospect of lower interest rates gave a boost to London equity prices. After losing nearly 100 points since early June, the FT Ordinary share index rose by 11.3 points to 934.4.

French central bank cuts rates, Page 2; Editorial comment, Men and Matters, Page 18; Lex, Key Swedish rates lowered, Page 20; Money markets, Page 33

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EUROPEAN NEWS

Mitterrand sees Right as likely to win power

BY PAUL BETTS IN PARIS

M. FRANCOIS MITTERRAND, France's Socialist President, has admitted implicitly for the first time that he expects the French right-wing opposition to win next year's parliamentary elections.

But he suggested that he was prepared to "cohabit" with a government of the Right since this did not automatically imply there would be political confusion in the country. However, he defined the limits of cohabitation, saying that while the new government would run domestic policy, he would continue to control foreign policy.

Since General Charles de Gaulle, French presidents have regarded foreign policy and control of the country's nuclear force as their sacred preserve. M. Mitterrand is no exception and said that if the new government "consecrated" foreign policy from the president, it would be a "coup d'état". Nevertheless, he did not expect it to become a contentious issue should the Right win the elections because there was a general consensus in France on the conduct of foreign policy.

M. Mitterrand took the opportunity of a conversation with French political journalists near Grenoble—where he was watching the Tour de France bicycle race—to prepare the ground for the widely expected defeat of the Socialists in next March's

elections. His view is that the Socialist party should go back into opposition if it loses the majority.

He thus favoured the position of M. Lionel Jospin, the Socialist first secretary, who has recently had a blazing row with M. Laurent Fabius, the Prime Minister, over Socialist election strategy. M. Fabius has promoted the idea of a wide Republican front to attract as many voters as possible in the centre. M. Jospin has argued that the Socialist party must remain determinedly left-wing.

The Socialists are expected to lose 400 of 491 seats in the National Assembly where they currently hold a comfortable majority, with 285 out of 491 seats.

The President said that his concept of "cohabitation" excluded any compromise with the Right. "You cohabit because you are rivals. If cohabitation means living in the same Republic then I say yes. If it is political confusion, I say no," he said.

He then added that he could not ask M. Jospin or the Socialist party "to govern with a right-wing majority in parliament." At the same time, however, he suggested that the Socialists would have to adopt a constructive attitude in opposition, saying: "I don't expect it will seek to excite its partisans."

Michael Donne assesses the investigation's prospects now that the 'black box' has been recovered
Search begins for the cause of the Air India crash

NOW THAT both the vital Cockpit Voice Recorder (CVR) and the Flight Data Recorder (FDR) of the ill-fated Air India jet have been recovered from the sea-bed, the investigation into what caused the disaster that claimed 329 lives will get under way.

The aircraft disappeared off the Shannon air traffic centre's radar screens early on June 23, while en route from Montreal to London.

Subsequent search of the sea-bed has established that wreckage is strewn along a straight path of several miles, indicating that the aircraft may have still been substantially intact at the time of impact.

The question now to be answered is whether the crash really was caused by a bomb, or whether something more fundamental, such as a structural failure of aircraft through explosive decompression, was involved.

One of the difficulties is that only about 1 per cent of the aircraft's total structure has been recovered. However, with both the CVR and FDR safely ashore, the investigators have enough to enable them to piece together what happened with reasonable probability.

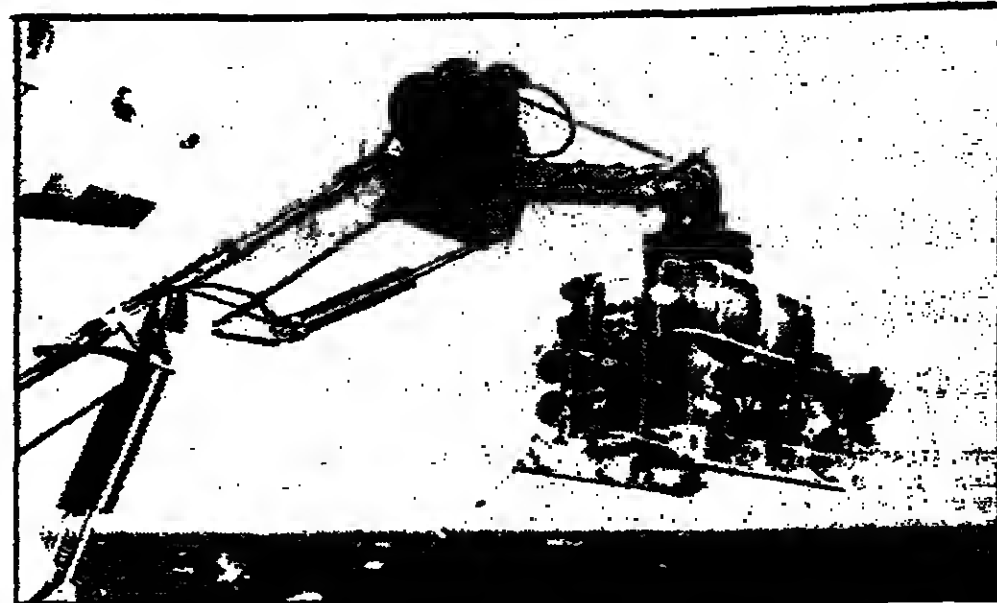
The CVR records the conversations of the crew on the flight deck, and the FDR records what was functioning normally in the last minutes before the crash, should tell whether the crew was aware of anything amiss, and perhaps even what might have happened, even if the crew had been aware of it or not.

The problem for the investigators will be if both the CVR and FDR show nothing wrong. They will then have to assume that the aircraft, which was in flight for so long, could have been caused

THE Flight Data Recorder (FDR) of the Air India Jumbo jet which crashed into the sea south-west of Ireland on June 23, was recovered early yesterday by the French cable vessel, Leon Theremin, using the Scarab underwater mini-sub (pictured right).

Scarab, normally used for repairing and laying under-sea cables, found the FDR more than 6,700 feet down, detached from the other wreckage. It was brought to the surface, and is being taken to Cork along with the Cockpit Voice Recorder (CVR) found on the seabed earlier this week.

The other ships searching for the recorders may stay on station, to seek to recover wreckage of the aircraft. One of them, the Canadian ship John Cabot, has a more advanced version of Scarab



was recovery of a Bell helicopter in 1,400 feet of water near the Murrumbidgee platform in the North Sea.

The Scarab could be used to locate larger items of wreckage, but heavy lifting equipment would be needed to bring it to the surface.

Initial studies of the two recorders will be carried out by the Indian authorities, because the aircraft was registered in India. But the U.S., as the jet's country of manufacture, will also be participating. The wreckage is likely to be taken there.

Britain's Department of Transport has also offered the facilities of its Accident Investigation Branch at the Royal Aircraft Establishment, Farnborough.

The AIB was initially asked to help in the search but withdrew earlier this week when it became apparent that too many ships were involved in the same task, and that equipment as the Scarab was more likely to achieve the recovery than that aboard the UK's chartered vessel, Gardline Locust.

Whatever the CVR and FDR reveal, the investigators will be passed to the U.S. investigators, to help them in their own search, which is likely to take months, rather than weeks.

It is vital to discover the cause of the crash for two reasons. The first is that, if it was indeed sabotage, the air transport industry will have to take tough measures to strengthen security, both in the air and on the ground.

The second is the more worrying—if it was not a bomb, but some structural failure, how safe are the rest of the world's Jumbo jets?

French central bank cuts intervention rate

BY OUR PARIS STAFF

THE Banque de France yesterday lowered its money market intervention rate by a quarter percentage point to 9½ per cent in what is seen as a signal to French commercial banks to lower their base lending rates at a time of slow economic growth.

Its action took the markets by surprise because the fall was larger than expected. It brings the intervention rate below the psychologically important 10 per cent level.

The cut coincided with the release of encouraging consumer price inflation figures for June showing a 0.4 per cent increase in consumer prices last month. The Government hopes to hold down inflation this year at around 5 per cent. However, the lower intervention rate also comes a day after Insee, the national statistics bureau, forecast growth of only 0.8 per cent in France this year and further pressure on unemployment. M. Pierre Bergey, the

Finance and Economy Minister, has been arguing for some time for lower interest rates to help stimulate business activity. Commercial banks continue to be reluctant to lower their base lending rates which stand at 11½ per cent. The Government recently had to introduce a package of restrictive credit measures to try to slow down the growth in the money supply which has overshoot its 4½ per cent target for M2 this year.

Among the measures, the Government decided to lower the base it uses to calculate the official lending limits of commercial banks. This now makes it easier for banks to overbook their lending limits and liable to penalty.

The banks claim that these measures and other costs make it difficult for them to lower their base rate. However, the Government appears confident of an eventual fall, albeit only a small fraction of around 1 percentage point.

W. Europe share of ship orders set to fall

BY ANDREW FISHER, SHIPPING CORRESPONDENT

FAR EASTERN shipyards outside Japan will continue to gain market share into the 1980s in a stagnant world shipbuilding industry at the expense of Western Europe, Drewry Shipping Consultants said in a study of the industry's prospects.

Japan, the world's leader in shipbuilding, would also lose some market share, though retaining its overall supremacy, the London-based consultancy firm said.

The Dewry study is partly in line with the recent forecast by the Japanese industry, foreseeing no rise in production—now well below mid-1970s levels—for several years and then an increase in the next decade.

The main winners in market share terms are expected to be South Korea, the world's number two in shipbuilding after rapid growth in recent years, and China.

Since the middle of the 1970s, Dewry noted, global shipbuilding output has halved. Japan has shed 35 per cent of capacity and Western Europe 50 per cent. But, "capacity expansions in South Korea, Taiwan, and mainland China have exacerbated the industry's malaise." Jobs in the sector have fallen by an estimated 15 per cent over the last 15 years to 1.5m, with Japan and Western Europe bearing the brunt.

Shipyards labour costs in Western Europe were thought to be about 70 per cent higher than in Japan, whose workers better paid than in Korea. In turn, Koreans earned several times more than workers in China.

"Prospects for World Shipbuilding, Forecast to 1994," Dewry Shipping Consultants, 34 Brook Street, London. Price \$500 overseas or £300 in UK.

Distribution deal for Olivetti

By Alan Friedman in Milan

OLIVETTI, the Italian office automation group, said yesterday it had reached agreement with Computerland, a Luxembourg-based retail computer chain, for the distribution of Olivetti personal computers outside the U.S.

The agreement is another step in Olivetti's strategy of developing a series of indirect distribution networks beyond its own and beyond the important ties it has with AT & T and Xerox in the U.S.

Matra wins metro contract

BY DAVID MARSH IN PARIS

MATRA, the French electronics and defence group, has clinched a Ffr 2.1bn (\$233m) order to build an automatic underground railway in Toulouse, south-west France.

The company hopes this will boost its chances of winning metro contracts abroad. It is making a special effort to sell its unnamed VAL system in a number of U.S. cities.

The Toulouse decision to opt for the VAL system (which stands for

Light Automated Vehicle) comes three years after Lille in north-east France opted to buy VAL for its metro project.

The Lille line, which will be extended from nine to 40 km at the end of the decade, has been used by Matra and the French authorities as a showpiece to try to boost export chances.

The Toulouse metro is aimed to run over 23 km by 1990. The deal was won in competition with Alstom Atlantique's rival tramway system.

Matra had a preliminary success last year when it was chosen to build a VAL metro in Orlando, Florida, although the final financial contract has not yet been signed.

It is also hoping to win a deal to sell the VAL to Jacksonville in Florida. A number of other U.S. cities including Dallas, Detroit and Minneapolis are also eyeing French propositions for metro projects.

Romania loan bid advances

By Peter Montagnon, Euromarkets Correspondent

ROMANIA'S LEADING creditor banks have shown a broadly sympathetic response to the country's first request for an international loan since it was forced to reschedule its debts in the wake of the Polish debt crisis of 1981.

Nine leading creditors promised to study Romania's request further at a meeting, hosted this week in London, by Barclays Bank. Romania is seeking a \$150m, five-year credit to compensate for shortfalls in its cash-flow caused by the exceptionally hard winter.

Romanian officials told the meeting the money needed for "vital imports" connected with investment projects. The banks have asked them to furnish more details ahead of a second meeting expected to take place by the end of the month.

One concern is that the projects concerned should be ones that will generate foreign exchange when completed so as to provide resources for paying off any loan.

Subject to agreement by the nine banks available as early as September, but terms remain to be negotiated.

Some are urging Romania to consider a World Bank co-financing deal further down the road. The Bank currently has three missions in Romania looking at various projects but a co-financing is not feasible in the short term. Romania did not reschedule its debt last year and is not expected to do so in 1985, even though the hard winter necessitated extra fuel imports and delayed some export deliveries.

Partial victory for Adams in Commission case

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE EUROPEAN Commission should have warned Mr Stanley Adams that he risked arrest and imprisonment if he returned to Switzerland after giving the Commission information about breaches of EEC fair trading laws by his former employer, the Swiss drugs giant Hoffman-La Roche.

That is the view of one of the Advocates General of the European Court of Justice in his opinion to the court yesterday on the merits of Mr Adams's £500,000 damages claim against the Commission.

But Advocate General Federico Mancini rejected Mr Adams's complaint that the Commission broke a duty of confidentiality it owed him when it disclosed his identity to Roche after he had left the company.

The court will now consider its decision on Mr Adams's claim, which is expected to be announced in October. Although

the Advocate General's opinion is not binding on the court, it is comparatively unusual for it to take a contrary view.

Mr Adams yesterday greeted Sig. Mancini's opinion as a partial victory. His "whistle-blowing" resulted in the Commission fining Roche DM 1m (£260,000) in 1976 for infringing Article 86 of the Treaty of Rome which bans unfair trading practices. The European Court later reduced the fine by a third.

He was arrested and spent three months in custody in Switzerland in 1974. While he was in prison, his wife committed suicide after being told he would be jailed for 20 years.

Sig. Mancini said that the Commission had treated as a bluff Roche's threat to prosecute the informant when he was identified. It should have taken all necessary measures to prevent such threat becoming a reality.

Accession treaty to EEC ratified by Portuguese

BY DIANA SMITH IN LISBON

MORE THAN two-thirds of the 250-strong Portuguese Parliament voted yesterday to ratify the treaty of accession to the European Community, at the end of a two-day marathon debate.

Christian Democrats, and independent centre-left splinter parties joined forces with the Socialist-Socialist Democratic coalition Government to ensure ratification.

The pro-Moscow Communists and a lone "Green" deputy voted against. Since Portugal first applied to join eight years ago, the Communists have in-

sisted that EEC entry will destroy the Portuguese economy.

Closing the debate, Sr. Marinho Soares, the Prime Minister, said: "European membership is not a panacea but a challenge." Stressing that the only opponents of the treaty were those advocating a return to the ill-famed "standing proudly alone" keynote of Portugal's 50-year-long right-wing dictatorship that ended in 1974, he insisted that the overwhelming majority of the Portuguese rejected such isolationism. Portugal must now work hard to derive all possible benefits from membership.

Mystery of Boyer grips Spain

By Tom Burns in Madrid

THE SURPRISE resignation from the Spanish Government of Sr. Miguel Boyer, the Economy Minister, a week ago continues to dominate politics despite repeated statements by the new cabinet's officials that there will be no change in the austerity programme Sr. Boyer mapped out over the past two years.

The latest to give such assurances has been the Prime Minister, Sr. Felipe Gonzalez, himself, who yesterday explained the government changes to Parliament. He repeated that Sr. Boyer had asked to go and that he, Sr. Gonzalez, had tried to dissuade him.

Sr. Boyer had enjoyed his full confidence and support and his successor in the Economy, Finance and Trade Minister, would have the same.

When he announced the Cabinet changes last week (involving the sacking of the Foreign, Transport, Public Works and Regional Affairs Ministers and the unplanned resignation of Sr. Boyer), Sr. Gonzalez said the Economy Minister had told him he was "sick". The explanation only succeeded in launching the Boyer enigma.

The public debate over Sr. Boyer's resignation is divided broadly into two camps. There are those who believe he quit because of his hopes to establish firm control over the Government's economic team were thwarted by Sr. Alfredo Guerra, the Deputy Prime Minister.

The opposing camp argues that Sr. Boyer resigned responsibly and high handedly by making ultimatums to the Prime Minister. It also hints at personal reasons behind the resignation.

Recession adds to economic disadvantage for women, warns OECD

BY PAUL BETTS IN PARIS

WOMEN REMAIN in a position of economic disadvantage to men in the industrialised world and the recession is increasing the barriers to equality in the labour market, the Organisation for Economic Co-operation and Development (OECD) says in a detailed study on the integration of women into the economy published yesterday.

Despite improvements in the employment opportunities and conditions of women in industrialised countries during the past 10 years, the OECD warns that existing achievements are being undermined by the economic recession. Some countries, says the OECD, are responding to the problem of high unemployment by attempting to discourage employment of women.

Women continue to earn less than men: their earnings in the OECD are still on average about 20 to 40 per cent less than men, although the earnings differentials have narrowed in the past decade.

However, the earnings differentials vary according to the type of employment (manual or non-manual full-time or part-time), the industrial sector and occupation.

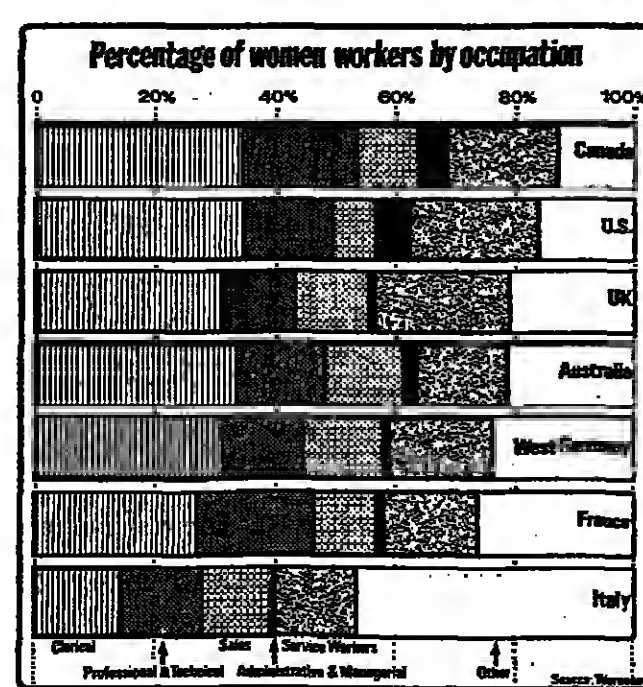
The report shows that the Scandinavian countries have the least difference between male and female earnings. In Australia, Ireland and the UK female earnings increased by

the largest proportion, compared with male earnings. In contrast, West Germany and France showed a relatively slow increase in female earnings during the past 10 years.

Inequality in the education system, training, employment and the tax and social security systems, along with the domestic division of labour, have combined to perpetuate occupational segregation and women's greater vulnerability to poverty and dependence. The report also finds that budgetary cutbacks and restrictions in many OECD countries have had a particularly negative effect on women.

The study says there is little evidence of the impact of recent legislation in OECD countries on pay inequities. The OECD says equal pay legislation in industrialised countries must be beefed up, and recommends that appropriate and effective enforcement machinery for such legislation be set up in many countries.

Female unemployment has increased at a lower rate than male unemployment in recent years, but the crowding of women in a narrow range of occupations and into jobs requiring little skill or training reduces their employment opportunities and puts them at a disadvantage during rapid structural change in the economy.



The report identifies a number of fields requiring urgent policy action. These include:

- Prohibition of discrimination in employment and wage practices;
- Actions to change recruitment, promotion, pay and firing practices which discriminate directly against women;
- Education and training programmes to prepare women for a wider range of labour market opportunities;
- Provision of child care facilities and other service infra-

structures:

- More equality in the public sector for women;
- Rearrangement of working time and working conditions to accommodate family responsibilities of women workers;
- Greater equity in taxation and social security institutions;
- Increasing the influence of women in structures affecting their opportunities.

The participation rate of women in the OECD labour force has increased from 49.2 per cent in 1975 to 54.7 per cent in 1983, while the male participation rate fell from 87 per cent to 84.3 per cent during the same period. The report notes that while there have been expanding opportunities for women in the private sector, it is the public sector that has offered the highest openings especially for part-time employment.

However, the share of women in public sector employment varies greatly. In Scandinavian countries as many as seven out of 10 workers are women in the public sector, whereas in Japan and Australia there are two men to every woman.

The report dwells on the problem of part-time employment, the rapid growth of which, in the last 10 years has especially important implications for women. The female

share of part-time work has become large everywhere, especially in Belgium, Denmark, West Germany and the UK where it now exceeds 90 per cent. In some countries such as Denmark, Norway, Sweden and the Netherlands, part-time work also accounts for more than 40 per cent of jobs held by women.

Although there are many advantages in part-time work for women, the OECD argues that the disadvantages and handicaps outweigh them. Part-time work is often a form of under-employment and the report says there are many indications that women suffer disproportionately from under-employment; advancement opportunities are minimal; workers may experience a depreciation of their skills since on the job training is rarely offered, and their exclusion from pension schemes in some countries means there will be no retirement income on the basis of employment-related pension schemes.

The OECD argues that countries must develop definitions of part-time employment to give the majority of part-time workers, who are mainly women, greater legislative protection.

The report also looks at the impact of technological change as women workers will be most immediately and directly affected by the new information

technology in offices. The majority of women have found employment in the service or tertiary sector (in the UK it accounts for 72.3 per cent of female employment, 20.5 per cent in the U.S., 67 per cent in France and 61.0 per cent in West Germany) and they will have to adapt to skill changes due to automation.

The OECD warns that the skill-changing requirements mean women trained in only traditional skills will face growing difficulties. Women are largely concentrated in the less-skilled occupations like secretaries, typists, book-keepers, stenographers and cashiers. Men, however, tend to be concentrated in the higher skilled jobs in the information technology sector where micro-electronics is seen as a tool to assist in the analysis and decision

making process.

The high technology sector will offer growing job opportunities in computer applications like programming, systems analysis and data management; but the chances for women in these fields remain bleak.

In the U.S., the report says women only hold 25 per cent of computer specialist occupations and represent 20 per cent of engineering and science technicians, where they tend to be concentrated at the lower end of the skill ladder.

In Europe, the proportion of women in higher skill level computer courses has grown over the past 20 years, but they still account for only 10-25 per cent of all course participants. The OECD believes that the risk of so-called technological unemployment is very real in certain occupations and sectors. It says that countries must set up specific projects to give women access to a greater number of occupations and to new specialised technical skills. "This is an especially important area for girls and young women who still suffer from vocational and academic counselling that steers them into traditional roles, into jobs with limited upward or lateral mobility, or indeed into unemployment," the report warns.

The integration of women into the Economy, OECD, 2 rue Andre—Pascal, 75775 Paris, Cedex 16.

OVERSEAS NEWS

Rafsanjani tipped as next Iranian Premier

By Kathy Evans in Doha
HOJATOLISLAM Hossein Rafsanjani, Speaker of the Iranian Majlis (parliament), is now tipped to be the country's next Prime Minister, say reliable observers in Tehran.

The speculation has arisen following an editorial in the Tehran Times which called on Mr Rafsanjani to shed some of his current responsibilities and assume a post from which he could assert full control over the economy. Newspaper editorials generally reflect State policy in Iran.

In the next few days the election campaign for the presidency is due to open with the closing date of acceptance for potential candidates. By August, Iran should have a new president, who will then nominate a Prime Minister and Cabinet for approval by Parliament.

The existing Government of Hussein Moussavi has faced a number of political setbacks in the Majlis over the past 18 months.

It is expected that the elections will return Hojatoleslam Ali Khamenei as President. There does not appear to be any other serious contender and most diplomats in Tehran are assuming Mr Khamenei's re-election to be virtually a foregone conclusion.

The only other serious candidate, Hojatoleslam Khomeini, deputy speaker of Parliament, was in effect eliminated from the presidential race last week with his nomination to the post of prosecutor general.

Mr Rafsanjani is already considered to be the second most powerful man in Iran, after Imam Khomeini. His recent visit to Arab capitals and the Far East has undoubtedly added to his stature back home.

'Green revolution' scientist to lead famine project

BY WILLIAM DUFFLORCE IN GENEVA



A PRIVATELY-ORGANISED international project is to be launched to fight starvation in Africa and to ensure that rural development there is not neglected when the present famine in the Sahel region passes into history and public interest wanes.

The project will be led by Mr Norman Borlaug, the American Nobel peace prize winner whose research into improving wheat varieties prompted the successful "green revolutions" in India and Pakistan.

It is to be funded for five years by Mr Kiyochi Sasakawa, the Japanese philanthropist, and the political spearhead is former U.S. President, Mr Jimmy Carter.

● Mr Carter: will contact African leaders

The plan emerged this week from a three-day "workshop" in Geneva on the alleviation of poverty and starvation in Africa, organised by the Centre for Applied Studies in International Negotiations.

The workshop was limited to 25 people selected for their experience in farm development and nutritional problems in the poorest countries. The task was to find ways of applying the green revolution techniques to Africa.

Mr Borlaug optimistically contended that such a revolution was possible in many African countries within the next eight years. The "hits and pieces" required to put together the technology needed for a breakthrough in improving maize and sorghum production were already available, he said.

The technology had to be assembled into a "package of production practices," tested on hundreds of farms and married to economic policies that would allow small farmers to adopt it and so greatly increase food output.

The initial step, according to Mr Carter, will be to assign small groups of scientists to one or two African countries to "implement" demonstration projects.

Mr Carter recognised the importance of obtaining national political backing for the scheme, agreeing to contact the ambassadors of the countries selected. He said he hoped to talk personally to their presidents or prime ministers, and farming and health ministers.

Finance will be no problem initially. The foundation

set up by Mr Sasakawa, whom Mr Carter described as "probably the world's most eminent philanthropist," gives away almost \$500m (£365m) a year. Mr Carter said further sources of finance would also be available.

The longer-term goal is to make Africa self-sufficient in food by the end of the century. In the light of the results achieved in India and Pakistan in the last 20 years the workshop did not see this as an impossible target.

The approach agreed by the workshop seeks to blend the results of advanced plant research with the method successfully demonstrated over the past few years by non-governmental organisations such as Oxfam in starting self-help programmes for small farmers.

However, Mr Thomas Odhiambo, director of the International Centre of Insect Physiology in Kenya, warned that techniques developed in India could not be transferred directly to Africa.

More scientific work had to be done on African staples such as sorghum, cassava and sweet potatoes. Commitment had to be generated among African politicians and scientists and a "knowledge base" comparable to that available in India would have to be set up.

Mr Odhiambo underlined the importance of explaining the opportunities to the women who, it is estimated, furnish some 80 per cent of the work that goes into subsistence-level farming in Africa.

Morocco to issue more bonds

By Francis Ghies in London

MOROCCO will issue a three-year government bond to help finance certain projects in the Western Sahara later this summer. In a broadcast to his people, King Hassan said that a previous issue of bonds last March had brought the Moroccan Treasury 450m dirhams (\$44.3m); more than four times the initial target.

The new issue will carry an interest rate of 14 per cent tax free, the same as four months ago - but the new issue can be subscribed and reimbursed in foreign currencies.

Morocco's claim to the Western Sahara, which its armed forces overran in October 1975, has been contested by Polisario Front guerrillas.

The protracted conflict is estimated to cost the kingdom in excess of \$1.5m a day while Moroccan investment in civilian projects in the territory has cost 5.7m dirhams since 1976.

Japan's 'man of the world' comes to Europe to prove it

BY JUREK MARTIN IN TOKYO

OF ALL the foreign insults inflicted on Japan, few hurt more deeply than that passed by General Charles de Gaulle after a visit to France by Prime Minister Ikeda 25 years ago.

"Who," the French President is reputed to have asked, "was that transitor salesman?"

The week-long mission of Mr Yasuhiro Nakasone, the Japanese Prime Minister, to France, Italy and Belgium and to the European Commission, starting today, is, to a remarkable extent, a conscious attempt to rectify the foreign image of Japan as little more than an economic animal.

Mr Nakasone has important bilateral sessions on his agenda, as he is confirmed at a lunch in Tokyo on Wednesday, he will be trying to assuage President Francois Mitterrand's doubts about the usefulness of summits, not surprisingly

because next year's is to be held in Tokyo.

He will also be seeking to convince a sceptical Europe that Japan is earnest about opening its markets to foreign goods, even if, as he is sure to say, the process will take time.

Surely no contemporary Japanese Prime Minister has had a schedule so filled with engagements unrelated to the conventional business of a head of government. Indeed, as the Japanese media has put it, his mission is to convey an image abroad of "Yasuhiro Nakasone, man of culture and of the world." The hyperbole has its inspiration inside the government: a senior Foreign Ministry official described the Prime Minister as "a philosopher and a man of letters—rather like President Mitterrand."

So, in France, he plans to present Mitterrand with a volume

of his own haiku (a 17-syllable form of Japanese poetry); he will be visiting Monet's home at Giverny outside Paris (which happens to house a splendid collection of ukiyo, Japanese woodblock prints) and impressionist galleries in Versailles, at the invitation of M Gaston Defferre, the city's socialist mayor.

His main public speech of the tour will be given at the Sorbonne, not to any parliamentary assembly, and he plans to renew acquaintances with his octogenarian former French teacher in Italy. Mr Nakasone has reserved a whole day for the museums and restaurants of Florence.

A cynical view is that Mr Nakasone's cultural excursions are a smokescreen, designed to minimise his direct exposure to European wrath over Japanese trading practices. This might be expected to be most apparent

from the hands of the Commission in Brussels, which again seems intent on taking Japan to the court of the General Agreement on Tariffs and Trade (GATT) later this year.

Mr Nakasone, however, seems inclined to take the offensive, diplomatically as well as culturally. He will be said on Wednesday, remind Europe that Japan's trade surplus with the EEC is stable at about \$10bn and that Japanese investment and joint ventures in Europe have "doubled or tripled" in recent years.

But Mr Nakasone, unwilling to be trapped in a narrowly economic debate in Europe, will hold out vistas of broader political co-operation. His Sorbonne speech may even invoke a dream of a new era of Pacific-Atlantic co-operation.

He will argue that just as Europe, and especially France, still commands broad influence

in Africa, so Japan has a comparable, if differently defined, role to play in Asia. Working together and sensibly dividing regional responsibilities, both Europe and Japan could contribute to peace and stability throughout the world.

Mr Nakasone is not expected to be reticent in putting forward his views on the likely course of Soviet policies in advance of November's Gorbachev-Reagan summit in Geneva, and the Soviet leader's visit to Paris before then.

He will recall his own meeting with Mr Gorbachev earlier this year and suggest that, in his view, Mr Gorbachev needs "peace and time" in order to revitalise the Soviet economy, which, Mr Nakasone believes, is in the throes of the "middle ages of Marxism."

There are few, if any, modern Japanese leaders as capable as Mr Nakasone of

such cosmopolitanism. It is, indeed, significant, that he is embarking on this mission in a very un-Japanese manner, in that he is not being accompanied by other Cabinet ministers and has a smaller than usual retinue of advisers.

But there will be enough of a media presence to ensure that the secondary purpose of his journey—the bolstering of his domestic image—is not neglected. Mr Nakasone's best hope of staying in office beyond November next year seems increasingly to lie in his domineering, quasi-presidential, mantle, appearing far above the interminable politicking of his intra-party rivals.

The nature of Japanese politics, however, make that an even more daunting task than convincing Europe that he is more than merely the acceptable face of Japanese capitalism.

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VW tries to end strike in S. Africa

By Anthony Robinson in Johannesburg

VOLKSWAGEN South Africa's Ulitenhage plant, in the Eastern Cape, remained strike-bound for the second day as unions and management yesterday sought a way out of the impasse created by the decision to loan vehicles for the forthcoming controversial Springboks versus New Zealand All Blacks rugby tour.

What seemed to Volkswagen management "a low-cost marketing strategy" to boost flagging sales of VW minibuses was angrily rejected by union officials and workers from the highly politicised black townships. Some 3,500 men downed tools on Wednesday to show their opposition to "international links which did not further the interests of the oppressed in South Africa."

The company's plan was to secure high profile public exposure by lending eight minibuses painted in the All Black colours of black and silver and four in the gold and green of the Springboks, complete with leaping springbok with rugby ball logo on the front door.

But company arguments that this would help to preserve employment at the recently modernised Ulitenhage plant cut little ice with the mainly black and coloured workforce angered at the company's apparent insensitivity to the controversial nature of the tour.

The Volkswagen strike is one of three highly charged issues currently affecting the South African labour scene. The results of the strike ballot organised by the black National Union of Miners (NUM) are expected to be announced today with union spokesmen indicating that the outcome could be a legal strike in support of the union's final revised demand for a 22 per cent across-the-board wage increase and improved benefits.

This compares with increases ranging from 14.1 to 19.6 per cent offered by the Chamber of Mines.

Meanwhile the fate of 490 workers at the AECI Chlor Alkali factory at Ballengeich near Newcastle in Natal hangs on their acceptance or otherwise of a return to work ultimatum set by the company for noon today. The plant which lost R12m last year, has been involved in lengthy strike action and months of negotiations over a complex pay claim. AECI is owned 40 per cent by Anglo American Corporation and 35 per cent by IC of the UK.

Chinese President leaves on visit to U.S., Canada

BY ROBERT THOMSON IN PEKING

THE Chinese President, Li Xianlian, left yesterday for a goodwill tour of Canada and the U.S., and advised the U.S. Government to keep clear of Taiwan and not to interfere with China's family planning policy.

President Li, 73, is generally more of an elder statesman than a table-thumper, but he stressed yesterday that "the Taiwan issue still remains the biggest obstacle in Sino-U.S. relations," as the Chinese leadership increasingly shows interest in settling the Taiwan question now that Hong Kong is on its way back to the fold.

Taiwan is Chinese territory and China's goal is to reunify the country peacefully. Any proposal of "one Taiwan and one China or two Chinas" would be absolutely unacceptable to the Chinese people," he told a press conference before leaving on his 17-day tour.

He was also critical of U.S. House of Representatives resolutions condemning China's family planning policy. He said that the resolutions were entirely based on "fabrication and distortion," and were "unacceptable" interference in China's internal affairs.

Rumours that the long-delayed nuclear co-operation pact with the U.S. could be settled during the visit have been discounted by a U.S. spokesman in Peking, who understands that the agreement is on indefinite "hold." "Our understanding is that it is not expected."

Western diplomats suggest that the potential for agreement has been "talked up" through strategic leaks in Washington to put pressure on the Chinese to settle the problem. The agreement, which will enable U.S. companies to sell China nuclear technology, was initiated by negotiators during President Reagan's visit here last year, but has not had the necessary U.S. Congress approval.

The U.S. has sought Chinese guarantees on nuclear proliferation before committing itself. At his press conference, President Li said that China "has done what he should," and that the onus was on the U.S.

Mr Nakasone, speaking to journalists at his Highfield home, was asked who if anybody had issued instructions to the bands of Zanu-PF members who for three days roamed the townships. The fact that the police had failed to intervene, replied Mr Nakasone, "gives one the impression that it came from the top hierarchy of Zanu-PF."

The Zanu leader also came out against Mr Mugabe's intention to abolish the bloc of 20 white parliamentary seats.

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Nkomo blames Zanu leaders

By Michael Holman in Harare

MR JOSHUA NKOMO, leader of Zimbabwe's Zanu Party, which won 15 of the 79 contested black seats in the recent general elections, yesterday implicitly blamed the leadership of Prime Minister Robert Mugabe's Zanu-PF for the political unrest which saw "thousands" of opposition supporters evicted from their homes in Harare's black townships.

The evictions of supporters of Mr Nkomo and other opposition parties ended on Wednesday following appeals from government officials and the majority have returned to their homes.

Mr Nkomo, speaking to journalists at his Highfield home, was asked who if anybody had issued instructions to the bands of Zanu-PF members who for three days roamed the townships. The fact that the police had failed to intervene, replied Mr Nkomo, "gives one the impression that it came from the top hierarchy of Zanu-PF."

The Zanu leader also came out against Mr Mugabe's intention to abolish the bloc of 20 white parliamentary seats.

Seoul to seek UN membership

By Steven B. Butler in Seoul

SOUTH KOREA has decided to seek separate full admission to the United Nations, breaking a long-standing policy of seeking simultaneous admission to the world body with North Korea.

The shift in policy seems certain to provoke a strong reaction from North Korea. The North has consistently opposed UN admission for the two nations, either separately or together, on the grounds that it would perpetuate the division of the Korean peninsula.

In the early 1970s, North Korea broke off a series of talks with South Korea after Mr Park Chung-Hee, the late South Korean president, proposed simultaneous UN admission. The two Koreas have lately been engaged in series of discussions across a broad range of issues, and the South Korean proposal could potentially put the talks in jeopardy.

In recent years, South Korea has sought to broaden its relations with Communist and non-aligned nations, both to improve the international atmosphere for the 1986 Asian Games and the 1988 Olympics, which will be held in Seoul, and to seek support in its international political competition with North Korea.

'Sabotage sank Greenpeace vessel'

NEW ZEALAND police said yesterday a double explosion sunk the Greenpeace vessel Rainbow Warrior, AP reports from Auckland.

"An examination of the hull has satisfied us that we are dealing with a case of sabotage and that an explosive device has been detonated on the outside of the hull in the area of the engine room," said Det-Super Allan Galbraith, who is in charge of the investigation.

Mr Galbraith gave no indication who planted the bombs and no one has claimed responsibility. The explosions Wednesday killed a photographer on the ship. Twelve other people on board escaped unhurt.

He told reporters that navy divers found a hole in the hull measuring 6 ft by 8 ft. He said the 24 investigators on the case were treating the death of 33-year-old Fernando Pereira as murder.

Prime Minister David Lange told reporters the confirmation

of sabotage meant "we have the implication of political or terrorist overtones and we... an urgent need to investigate it." He said he had no evidence international terrorists sabotaged Rainbow Warrior.

The vessel's sinking forced Greenpeace, one of the world's most prominent environmental groups, to cancel a planned four-month voyage to the French nuclear testing zone at Mururoa Atoll in the Pacific Ocean about midway between Australia and Chile.

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SERIAL NUMBERS OF BONDS TO BE REDEEMED

11	4244	8136	12468	16362	21127	26159	30593	35843	40419	45363	49839	54612	59661	64291	69488	73247	77988	82774	87005	91717	96523
12	4245	8137	12469	16363	21128	26160	30594	35844	40420	45364	49840	54613	59662	64292	69489	73248	77989	82775	87006	91718	96524
13	4246	8138	12470	16364	21129	26161	30595	35845	40421	45365	49841	54614	59663	64293	69490	73249	77990	82776	87007	91719	96525
14	4247	8139	12471	16365	21130	26162	30596	35846	40422	45366	49842	54615	59664	64294	69491	73250	77991	82777	87008	91720	96526
15	4248	8140	12472	16366	21131	26163	30597	35847	40423	45367	49843	54616	59665	64295	69492	73251	77992	82778	87009	91721	96527
16	4249	8141	12473	16367	21132	26164	30598	35848	40424	45368	49844	54617	59666	64296	69493	73252	77993	82779	87010	91722	96528
17	4250	8142	12474	16368	21133	26165	30599	35849	40425	45369	49845	54618	59667	64297	69494	73253	77994	82780	87011	91723	96529
18	4251	8143	12475	16369	21134	26166	30600	35850	40426	45370	49846	54619	59668	64298	69495	73254	77995	82781	87012	91724	96530
19	4252	8144	12476	16370	21135	26167	30601	35851	40427	45371	49847	54620	59669	64299	69496	73255	77996	82782	87013	91725	96531
20	4253	8145	12477	16371	21136	26168	30602	35852	40428	45372	49848	54621	59670	64300	69497	73256	77997	82783	87014	91726	96532
21	4254	8146	12478	16372	21137	26169	30603	35853	40429	45373	49849	54622	59671	64301	69498	73257	77998	82784	87015	91727	96533
22	4255	8147	12479	16373	21138	26170	30604	35854	40430	45374	49850	54623	59672	64302	69499	73258	77999	82785	87016	91728	96534
23	4256	8148	12480	16374	21139	26171	30605	35855	40431	45375	49851	54624	59673	64303	69500	73259	78000	82786	87017	91729	96535
24	4257	8149	12481	16375	21140	26172	30606	35856	40432	45376	49852	54625	59674	64304	69501	73260	78001	82787	87018	91730	96536
25	4258	8150	12482	16376	21141	26173	30607	35857	40433	45377	49853	54626	59675	64305	69502	73261	78002	82788	87019	91731	96537
26	4259	8151	12483	16377	21142	26174	30608	35858	40434	45378	49854	54627	59676	64306	69503	73262	78003	82789	87020	91732	96538
27	4260	8152	12484	16378	21143	26175	30609	35859	40435	45379	49855	54628	59677	64307	69504	73263	78004	82790	87021	91733	96539
28	4261	8153	12485	16379	21144	26176	30610	35860	40436	45380	49856	54629	59678	64308	69505	73264	78005	82791	87022	91734	96540
29	4262	8154	12486	16380	21145	26177	30611	35861	40437	45381	49857	54630	59679	64309	69506	73265	78006	82792	87023	91735	96541
30	4263	8155	12487	16381	21146	26178	30612	35862	40438	45382	49858	54631	59680	64310	69507	73266	78007	82793	87024	91736	96542
31	4264	8156	12488	16382	21147	26179	30613	35863	40439	45383	49859	54632	59681	64311	69508	73267	78008	82794	87025	91737	96543
32	4265	8157	12489	16383	21148	26180	30614	35864	40440	45384	49860	54633	59682	64312	69509	73268	78009	82795	87026	91738	96544
33	4266	8158	12490	16384	21149	26181	30615	35865	40441	45385	49861	54634	59683	64313	69510	73269	78010	82796	87027	91739	96545
34	4267	8159	12491	16385	21150	26182	30616	35866	40442	45386	49862	54635	59684	64314	69511	73270	78011	82797	87028	91740	96546
35	4268	8160	12492	16386	21151	26183	30617	35867	40443	45387	49863	54636	59685	64315	69512	73271	78012	82798	87029	91741	96547
36	4269	8161	12493	16387	21152	26184	30618	35868	40444	45388	49864	54637	59686	64316	69513	73272	78013	82799	87030	91742	96548
37	4270	8162	12494	16388	21153	26185	30619	35869	40445	45389	49865	54638	59687	64317	69514	73273	78014	82800	87031	91743	96549
38	4271	8163	12495	16389	21154	26186	30620	35870	40446	45390	49866	54639	59688	64318	69515	73274	78015	82801	87032	91744	96550
39	4272	8164	12496	16390	21155	26187	30621	35871	40447	45391	49867	54640	59689	64319	69516	73275	78016	82802	87033	91745	96551
40	4273	8165	12497	16391	21156	26188	30622	35872	40448	45392	49868	54641	59690	64320	69517	73276	78017	82803	87034	91746	96552
41	4274	8166	12498	16392	21157	26189	30623	35873	40449	45393	49869	54642	59691	64321	69518	73277	78018	82804	87035	91747	96553
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44	4277	8169	12501	16395	21160	26192	30626	35876	40452	45396	49872	54645	59694	64324	69521	73280	78021	82807	87038	91750	96556
45	4278	8170	12502	16396	21161	26193	30627	35877	40453	45397	49873	54646	59695	64325	69522	73281	78022	82808	87039	91751	96557
46	4279	8171	12503	16397	21162	26194	30628	35878	40454	45398	49874	54647	59696	64326	69523	73282	78023	82809	87040	91752	96558
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50	4283	8175	12507	16401	21166	26198	30632	35882	40458	45402	49878	54651	59700	64330	69527	73286	78027	82813	87044	91756	96562
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55	4288	8180	12512	16406	21171	26203	30637	35887	40463	45407	49883	54656	59705	64335	69532	73291	78032	82818	87049	91761	96567
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59	4292	8184	12516	16410	21175	26207	30641	35891	40467	45411	49887	54660	59709	64339	69536	73295	78036	82822	87053	91765	96571
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61	4294	8186	12518	16412	21177	26209	30643	35893	40469	45413	49889	54662	59711	64341	69538	73297	78038	82824	87055	91767	96573
62	4295	8187	12519	16413	21178	26210	30644	35894	40470	45414	49890	54663	59712	64342	69539	73298	78039	82825	87056	91768	96574
63	4296	8188	12520	16414	21179	26211	30645														

WORLD TRADE NEWS

Shultz seeks Asean assistance on Gatt talks

BY CHRIS SHERWELL IN KUALA LUMPUR

MR. GEORGE SHULTZ, U.S. Secretary of State, yesterday urged the South East Asian nations and the industrialised countries to try to change the attitudes of India and Brazil in a bid to speed progress towards a new round of multilateral trade negotiations.

India and Brazil, and some other developing nations, are strongly opposed to including services in the General Agreement on Trade and Tariffs round. The U.S., however, has made clear it wants services to be included in the talks.

Mr Shultz was speaking in

Kuala Lumpur at a forum which linked the six member Association of South East Asian Nations (Asean) with the U.S., the EEC, Japan, Canada, Australia and New Zealand. Asean groups together Malaysia, Singapore, Thailand, Indonesia, Brunei and the Philippines.

Mr Shultz's outspoken remarks referred to meetings in Geneva being held to approve a preparatory session of talks which might be convened by September.

These talks are designed to lead to trade negotiations next year which would supersede the

nine-year-old Tokyo Round.

Behind Mr Shultz's concern is the Reagan Administration's desire to counter increasing protectionist moves in the U.S. Washington has previously been frustrated, notably at the Bonn Economic Summit in May, by France's refusal to commit itself to a date for such negotiations.

Japanese officials yesterday indicated that they too expected Asean, as a large grouping of developing countries, to intercede with India and Brazil to move matters forward.

But Malaysia's Foreign Minis-

ter, speaking for Asean, indicated it would not be considering the matter urgently.

In a separate presentation Mr Claude Cheysson, representing the European Commission, pointed to a 60 per cent increase in Asean-EEC trade between 1980 and 1984 and said the EEC's recent enlargement offered Asean great opportunities.

Mr Cheysson said that the EEC was Asean's third largest market after Japan and the U.S., and took 14 per cent of its exports.

The composition of those ex-

ports was also changing, with only 51 per cent raw materials or agricultural (74 per cent ten years ago) and 46 per cent manufactured goods (up from 25 per cent).

At a briefing later, Mr Cheysson said the accession of Spain and Portugal to the Community ought to help rather than hurt Asean exports to the EEC.

On Asean's fears of losing tariff privileges as they grew more affluent, he said the EEC was planning to change its policy and apply privileges to products rather than countries.

Japan's trade surplus with China rises sharply

By Carla Rapoport in Tokyo

JAPAN'S trade surplus with China for the first six months of 1985 will be more than double that for the whole of 1984, according to figures from Jetro, Japan's External Trade Organisation.

According to Jetro projections, the trade surplus for the first half of this year will be more than \$2.5bn (£250m). The surplus in 1984 was \$1.26bn.

Japan's exports to China in the six months leapt by more than 107 per cent to nearly \$6bn, boosted primarily by orders for cars, domestic appliances, and machinery equipment.

Sales of Japanese passenger cars increased 15-fold in the period, trucks and buses nearly 11-fold and television sets more than five-fold, according to Jetro figures.

China's exports to Japan, however, rose by only 7 per cent in the first six months, according to Jetro, to \$3.18bn.

Businessmen and Government officials are divided as to whether the China boom will be maintained throughout 1985.

Jetro predicts that the growth of Japanese exports will slow substantially in the second half of the year because of a drop in China's foreign reserves.

On the other hand, some of Japan's major trading houses believe that any slowdown will be a temporary phenomenon. Fearing that the widening trade gap will result in U.S.-style retaliation, Japan has set up a bilateral committee with Chinese officials aimed at boosting imports from China.

Japan airlines plan to buy Boeings

JAL and All Nippon Airways (ANA) each plan to buy two Boeing 747s from the U.S. aircraft manufacturer, Reuters reports from Tokyo.

JAL said it planned to buy a short-distance Boeing 747SR and a long-distance Boeing 747LR, each valued at about \$100m (£72.4m).

ANA said the airline would buy two Boeing 747LRs, but orders have not yet been placed. The airline hopes to receive low interest financing for the purchase from the Japan Export-Import Bank.

Fiat signs \$50m deal to modernise car plant in Poland

BY CHRISTOPHER BOBINSKI IN WARSAW AND ALAN FRIEDMAN IN MILAN

POLAND yesterday signed a \$50m (£36.2m) contract with Fiat Auto, Italy's largest car company, to modernise the 650cc Fiat 126 P model produced in the FSM plant in southern Poland.

The deal is to provide machinery, services and technical assistance to be financed by a five-year credit, Polish officials said.

The credit is one of the few Poland has arranged in the West after martial law, which was followed by Western credit sanctions. The sanctions have since been lifted.

The modernised Fiat 126 version with a 700cc engine is to come on stream in March 1987, and a major part of the plant's output will, as now be exported to the West.

This year the FSM factory plans to produce 205,000 cars, of which 67,500 will be sold for hard currency.

In the 13 years that the Fiat 126 has been produced at FSM, about a third of the plant's out-

put has been sold abroad. Exports, however, are slipping. Poland's other major car factory, the FSO works in Warsaw, also faces major modernisation decisions, and is talking to Fiat and Japanese companies on a co-operation agreement for production of a medium-sized passenger car in the late 1980s. An agreement, possibly involving credits of up to \$100m, is expected to be reached in the autumn.

Pol-mot the State-owned car group, produces three Fiat models—the Fiat 125, Fiat 126 and a medium-sized vehicle, the Polonez. The Fiat 126 appears to be the most popular of the models: a total of 2m are on the Polish roads.

Fiat said yesterday the main aim of the new \$50m contract was to further develop Poland's capacity for manufacturing and servicing the Fiat 126. Training as well as machinery and spare parts will form part of the agreement.

Mitsubishi plans to market Hyundai cars in U.S.

BY OUR TOKYO CORRESPONDENT

MITSUBISHI Motors, Japan's fourth largest motor company, yesterday confirmed it is negotiating with Hyundai of South Korea on plans to market Hyundai's passenger cars in the U.S.

The Japanese company said yesterday that the deal was not expected to be completed until 1987, although motor industry observers expect shipments of Hyundai's new "X"-car, a hatchback model just entering production to begin as early as next year.

The talks are the second this week involving both a Korean vehicle manufacturer and Japanese company in the U.S. market. Earlier in the week, Mazda confirmed that it will be working with KIA Industries of South Korea on a subcompact to be marketed by Ford in the U.S.

Mitsubishi Motors, which owns 7.5 per cent of Hyundai, sold 1.6m cars and trucks in the U.S. last year through its 88 dealerships as well as through Chrysler outlets.

Hyundai is believed to be planning to sell an initial 60,000 units a year in the U.S., building up to 140,000 a year. To take on the new cars, Mitsubishi is expected to strengthen its dealership network in the U.S.

The Japanese group also plans to begin manufacturing small passenger cars in the U.S. jointly with Chrysler in 1988.

Mitsubishi Motors, which supplies engines to Hyundai, believes that the Korean car will not hurt sales of its own U.S. model, the Dodge Colt, as it will be smaller and sold at a lower price.

Australia firmly voices its trade complaints

WHEN 40,000 farmers jammed Canberra last week, it was the Australian capital's biggest-ever demonstration—a cross between a rodeo and a peace march in which droves of sunbanned businessmen and their wives milled peacefully along Canberra's stately avenues before thronging the lawns of Parliament House.

As bureaucrats peeped from their windows, the farmers shouted: "Get back to work, you bludgers."

The target of the farmers' ire was rising fuel prices, and the capital gains tax proposed by Mr Bob Hawke's Labor Government.

One farmer's wife, from Quamby in New South Wales, said that she and her husband had paid more than \$425,000 (\$12,500) for fuel last year, plus \$436,000 for routine maintenance.

"We are going down the drain. And if the farmers go down the drain, Australia goes down the drain."

What seemed curiously absent from the demonstration was any inclination to blame foreign trading partners, or the workings of protectionism, for Australian farming's plight.

This is not a mistake that Mr Hawke makes. In a speech in Brussels earlier this year, for example, the Australian Prime Minister itemised the damage caused by subsidised exports from the EEC.

"Australia," he said, "is a country particularly affected by the Common Agricultural Policy. We have been totally shut out of the community market for sugar and wheat, had our access for meat and dairy produce severely reduced, and our fruit trade severely



In this second article in a series on Gatt, Michael Thompson-Noel reports on Canberra's call for the next round of talks to take account of the smaller trading countries' interests.

compressed.

"More recently, as community policies have led to it emerging as the world's largest exporter of dairy products and beef and a very large wheat and sugar exporter as well as a major source of subsidised wine, we face erosion of our hard-won market opportunities elsewhere and severe hardship for our farming community."

Europe's antics account for only a part of Australia's concern over deteriorating trade conditions, which is why Australia has been a prompt and vigorous supporter of moves towards a new round of multilateral trade negotiations under the General Agreement on Tariffs and Trade (Gatt) umbrella.

From Australia's point of view, the world trading system has perpetuated and encouraged the maintenance of a

broad range of non-tariff barriers: the "special" treatment of agriculture, outside the established rules of trade; tariff escalation against processed raw materials; barriers against the exports of the newly-industrialising countries of the Pacific region; and the spread of safeguard measures against imports, outside the Gatt disciplines.

Mr Hawke believes a minimalist approach to trade reform is simply not on. "A new round must be founded on a genuine commitment by the majors to trade liberalisation and to a return to the principles of the Gatt."

Mr John Dawkins Australia's new and much-more-visible Minister for Trade, says that the talks must deal with agricultural trade distortions, non-tariff barriers, subsidies and safeguards as matters of priority.

In Brussels last month, flanked by Australia's Foreign and Primary Industry Ministers, Mr Dawkins made clear to the European Commission that agriculture was a non-negotiable pre-condition to Australia's participation in a new round of multilateral talks.

"We will vigorously insist on these matters being addressed," he says. "Following the Bonn summit there were reports of opposition to the inclusion of agricultural questions in the proposed new round. We will firmly resist this position."

"What we want to avoid is a new round which merely addresses the concerns of the powerful and fails to take account of the interests of the smaller trading countries such as Australia and others in our region."

Canberra officials say that the trade system cannot afford another unsuccessful ministerial meeting, or "general hand-on-heart statements which don't stop the juggernaut of protectionism. The international price business is understandably reluctant to invest in productive assets."

Any further worsening of

trade relations between the U.S. and Europe, or the U.S. and Japan, would probably hurt Australia. Japan is easily Australia's biggest export market, taking more than a quarter (\$56.6bn) of Australia's exports in 1983-84. The U.S. took \$52.7bn worth. Australia still sells more to EEC countries than to the Asian bloc, which illustrates the multifacetedness of its trade concerns.

Australia is aware that it will be expected to liberalise its own market. It points to measures—some fairly modest—aimed at rolling back protection in clothing, textiles, footwear, steel, cars, finance and banking, and claims it now operates no invisible restraints on trade at all.

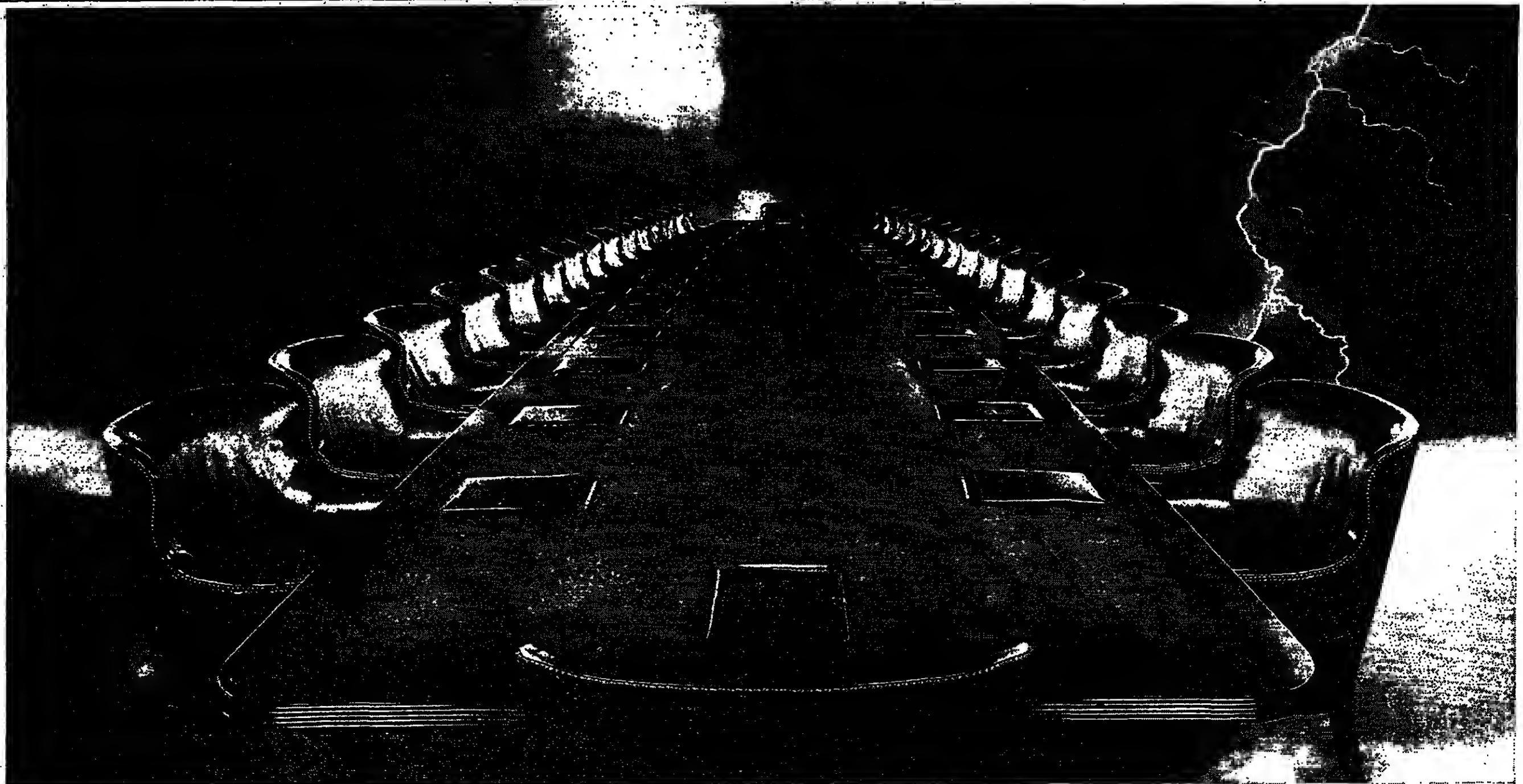
Australia has a lot at stake in pressing for a thorough overhaul of the international trading system, for its own performance recently has been poor.

As a world exporter, its ranking has slipped from eighth to 23rd over the past 30 years. Over the same period, its share of the world export market has dropped from 2.6 per cent to 1.2 per cent.

First, world demand for primary commodities, which still account for more than three-quarters of Australia's exports, has grown more slowly than for manufacturers, and has been exacerbated by protectionism.

Second, Australian manufacturers and exporters of services have been ill-equipped to venture forth, blinkered as they have been by the "import replacement" philosophies.

For Australia, moves to liberalise world trade cannot come soon enough.



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Car producers braced for surge in sales

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

UK-BASED car producers are gearing up for bumper August sales after latest figures which show that output in June reached the highest level for 18 months.

The statistics suggest that either car production this year will top 1m for only the second time since 1979 or there will have to be short-time working in the autumn to clear excess stock left over from the peak sales period.

It also became clear yesterday that pricing will play an increasingly important part of the manufacturers' policies as they vie for attention during August when up to 20 per cent of all new cars will be sold.

Talbot UK, the Peugeot group subsidiary, for example today announces a version of the five-door, British-built Horizon saloon costing £1,500 less than anything in the Horizon range at the moment.

The Horizon LE will go on sale on August 1 at £3,995, making it the only car of its size under £4,000. Talbot UK has cut costs by using a 1.1 litre engine instead of a 1.3 litre unit, a four-speed instead of a five-speed gearbox and by having a lower level of trim and specification.

Dealers contribute to the cut-price model by taking only half their usual margin of profit.

Other low-priced models are to be introduced by Talbot UK in August to tempt the private motorists who predominate in a month in which the new pre-fix letter, which indicates year of manufacture, is introduced to number plates.

Austin Rover, the BL subsidiary, has already announced it has a budget-priced Maestro, £339 cheaper than any Maestro presently available, for sale in August.

Manufacturers' optimism about August sales is reflected in the fact that last month, at £3,000, car production was well ahead of the £4,000 for June 1984. However, that month was severely disrupted by an industrial dispute which stopped production at Austin Rover's Longbridge plant, Birmingham.

According to provisional estimates by the Department of Trade and Industry, car output for the six months to the end of June was 18 per cent higher than in the corresponding period of 1984 and 18 per cent above the monthly average for last year.

UK NEWS

Trials in local radio stations to go ahead

By Raymond Snoddy

THE GOVERNMENT is to press ahead with plans for about 20 experimental community radio stations and plans to publish a Green Paper (discussion document) on the subject next summer.

Mr Leon Brittan, Home Secretary announced yesterday his decision to set up the experimental stations to test the viability of a range of different types of community radio.

The new stations, which will be smaller than existing local radio stations, could be broadcasting by early next year. Different types of community radio will be set up and financed in different ways in different locations.

"The central criteria will be that they should enhance existing broadcasting arrangements and broaden the diversity of consumer choice by offering the community in question an additional service which is distinct in character," Mr Brittan said in a written answer in the House of Commons.

The stations will either cover specific locations, communities of interest or cater for ethnic minorities. Locations of the experimental stations and the procedure for applications will be announced shortly.

Tebbit frontrunner for key post in Conservative Party

BY PETER RIDDELL, POLITICAL EDITOR

FORGET the Tories' crushing defeat at the recent Brecon and Radnor by-election. The main talking point among ministers and Tory MPs this week, has been the Government reshuffle in the second week of September. No one, of course, knows what is going to happen, but the main options have become clearer.

The key point is that the balance of the Cabinet will not change. The Chancellor of the Exchequer, Foreign Secretary and Home Secretary will almost certainly stay where they are, as will most other Cabinet ministers. There will not be a reshuffle when Mrs Margaret Thatcher, Prime Minister, did after the balance of her Cabinet with the departure of several critics and the replacement of most of the main pending ministers.

Only two or three Cabinet ministers are likely to be dropped - at most certainly Mr Peter Roes, the Chief Secretary to the Treasury, and Mr Patrick Jenkin, the Environment Secretary, although the position of Mr Tom King, the Employment Secretary, is also not exactly secure since he has never been highly regarded by the Prime Minister. The often criticised Mr Michael Jopling, the Agriculture Minister, and Mr Nicholas Ridley, the Transport Secretary, look safe for the time being.

The key change will be who becomes Conservative Party chairman. It is now generally accepted by senior Tories that Mr John Gummer will move after bearing a difficult load for two years - probably to the number two job at the Foreign Office.

His obvious successor is Mr Norman Tebbit, the Trade and Industry Secretary, who apparently wants the job. But there is a powerful and influential group arguing against his appointment. Their view is that Mr Tebbit will reinforce, rather than soften, Mrs Thatcher's intransigence just at a time when a change in style is required, or at



Tom King: position now less secure

any rate someone as chairman who has a different approach from Mrs Thatcher.

It will, however, be very difficult for Mrs Thatcher to refuse Mr Tebbit and he is still the front runner. The party managers say that Mr George Younger, the Scottish Secretary, is a safety-first alternative, with Mr Michael Heseltine, the Defence Secretary, a more risky long shot given his talents as a propagandist.

All this raises the "Cecil question." Mrs Thatcher has hinted in various interviews that she would like to see the return of Mr Cecil Parkinson, the former party chairman who left the Cabinet last year after admitting that he was the father of his secretary's child. He has been active speaking to Conservative activists around the country and has not lost his touch in cultivating his image as a community leader. The only job he would probably want would be Trade and Industry Secretary - to confirm his public rehabilitation - otherwise he is likely to take up the chairmanship of a major quoted company.

Ford to end production of heavy truck axles

BY JOHN GRIFFITHS

FORD is to cease production of heavy truck axles in the UK by the end of 1987. The move will cost 470 jobs. About 190 will go at its truck building plant at Langley, Buckinghamshire, which employs 1,200 and which is Ford's sole source of heavy trucks for both the UK and the European continent.

A further 250 jobs are expected to be lost at its castings, brake drums and hubs facility at Leamington Spa and 30 more at a plant in Swansea, Wales.

Ford said last night it intended to achieve all the job cuts through voluntary redundancy and other forms of natural wastage.

The axles will be sourced by the Stratford-upon-Avon plant of Rockwell, the specialist axle and heavy truck components producer which already supplies many of Ford's rivals.

The Rockwell axles will be used on versions up to 16 tonnes of the Cargo - the only heavy truck range built by Ford. Ford already buys in axles from Baxi Corporation for Cargo trucks above this weight.

Ford's decision is related to product developments which are seeing a move to disc rather than drum brakes for trucks in the late 1980s. Ford could have re-engineered its own axles to accommodate such changes but this would have required substantial investment at a time when truck markets in both the UK and on the European continent remain depressed.

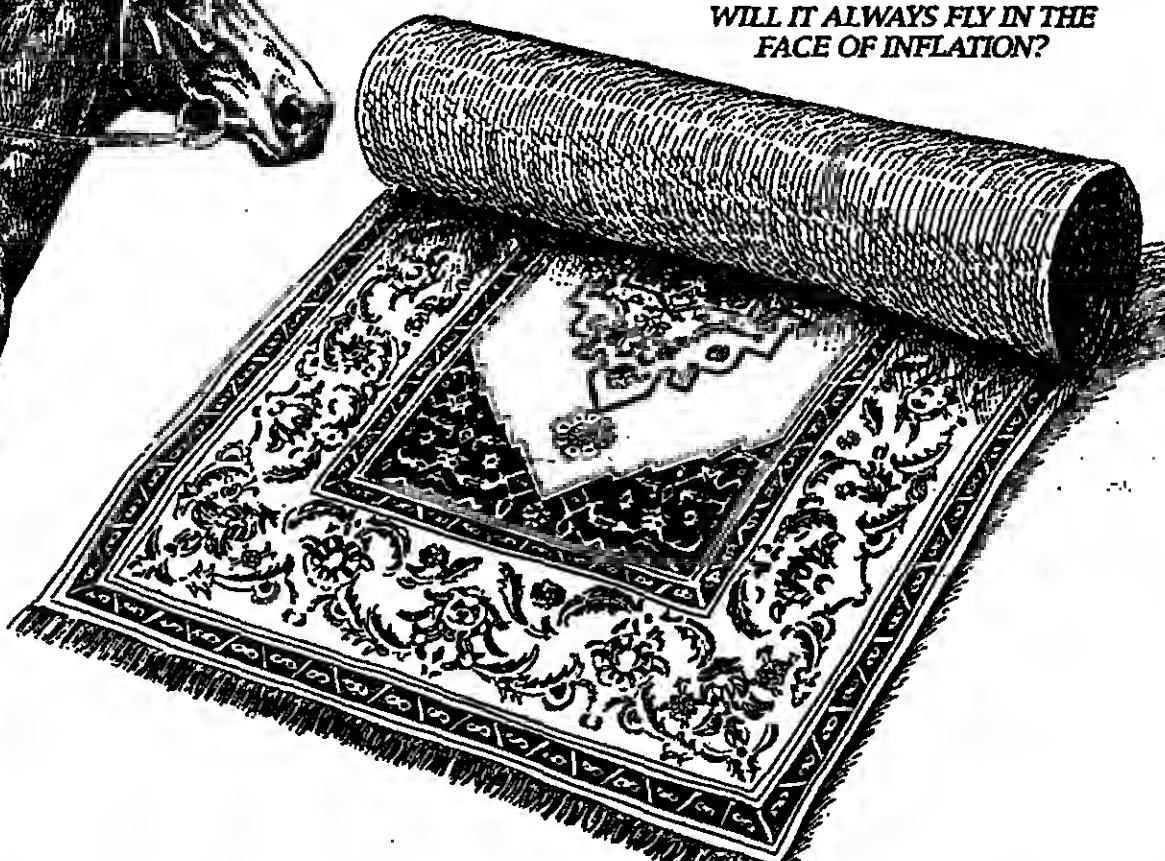
In the UK, for example, registrations of trucks over 3.5 tonnes are expected to reach only 35,000-40,000 this year against a peak of 80,000 in 1978. Few forecasters expect the 1979 level to be reached again in this decade.

By buying in from Rockwell, Ford can utilise the economies of scale of a specialist producer which already sells its axles worldwide.

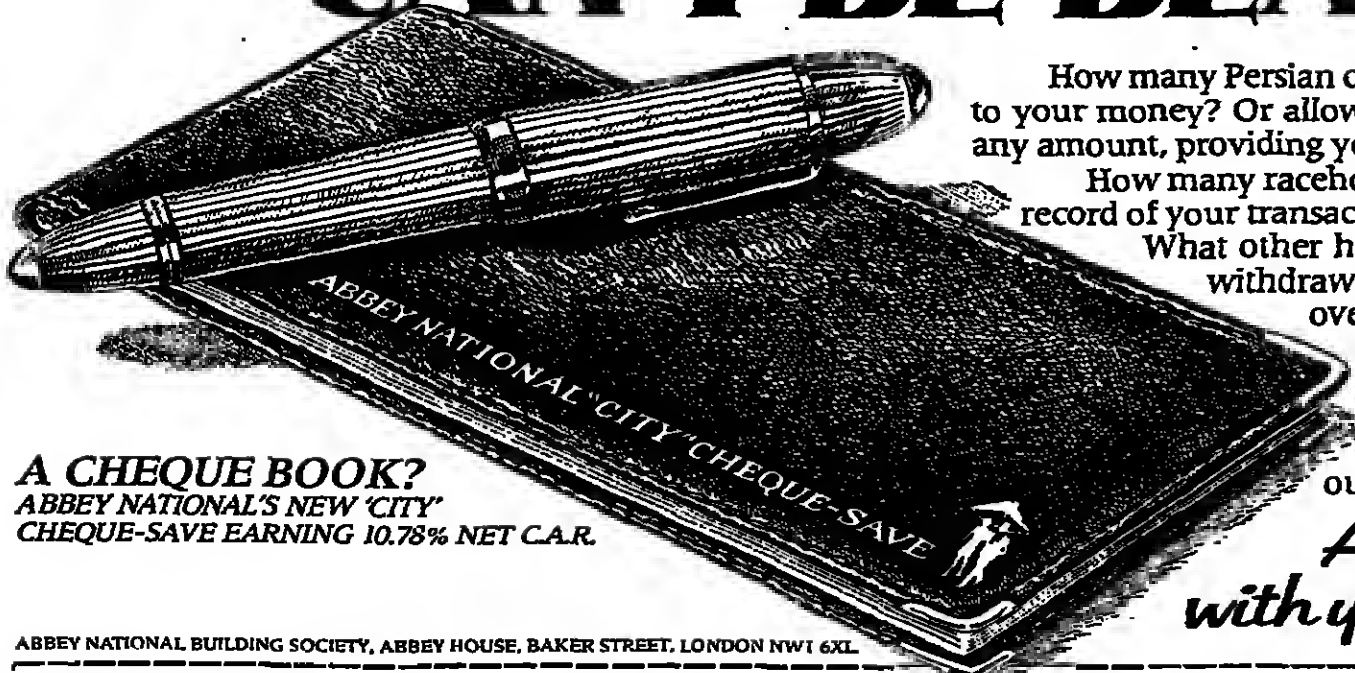


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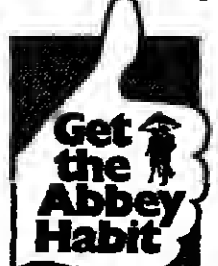
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(1) The approval, in accordance with the provisions of Article 106 paragraph 5 of the law of 24th July, 1966, of the decision of the Extraordinary General Meeting of shareholders on 13th June, 1985, concerning the renunciation of the preferential subscription rights by the shareholders to the shares to be issued pursuant to the authorisation given to the Board of Directors to great importance of the Moët-Hennessy Group opposes to subscribe Moët-Hennessy shares;

(2) The granting of powers to third parties to carry out the necessary legal formalities;

(3) The determination of the place where the powers of attorney of the represented Bondholders and the minutes of the meeting, as well as the attendance list, will be deposited.

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Teachers reject improved pay offer

LEADERS OF the teachers' unions last night unanimously rejected an improved pay offer which would have added 6.4 per cent to the salaries bill by the end of the pay year, David Brindle writes.

The offer, put forward by the Labour-led employers in an attempt to end the five-months dispute in state schools in England and Wales, would have given lower-paid teachers immediate enhanced rises of up to 7.7 per cent, plus 1 per cent from November.

Union leaders said the proposed deal fell well short of meeting their immediate targets of the year-on-year increases in prices and average earnings. The head teachers' associations were further alarmed at the implied narrowing of differentials.

The two sides remained at a London hotel last night, but it was not clear whether the employers were prepared to revise the package in a final attempt to settle the dispute before the summer school holidays begin.

The unions, which had previously been offered 5 per cent plus arbitration, recognised that the fresh proposals were a shrewd attempt to bridge the gap between their goals and the employers' capacity to make a higher award without supplementary government funding. It was the first time the employers had indicated a flat rate element in an offer.

A REVIEW of developments in retail financial services has been started by the London Stock Exchange. A special advisory committee has been set up by it to examine trends and identify business opportunities for stockbrokers and stock-jobs.

The move has been prompted by extensive structural changes in the retail end of the financial services industry. The committee, led by Mr Graham Ross Russell, a partner with stockbrokers Laurence Prust, will consider the impact of the building societies and other savings institutions on the flow of funds coming into the stockmarket.

The exchange is keen to attract more investment activity by private investors.

UK COMPOSERS and songwriters increased their U.S. income by more than 35 per cent to £2.5m last year.

The Performing Rights Society recorded a total gross revenue for the 12 months of £28m - 12.8 per cent up on 1983.

Pit union seeks broader support against closures

BY HELEN HAGUE, DAVID BRINDLE AND JOHN LLOYD

MR ARTHUR SCARGILL, president of the National Union of Mineworkers (NUM), yesterday signalled a change of tactics away from the confrontational rhetoric he has maintained since the miners' strike to a style designed to achieve broad labour and public support.

After a meeting of the NUM executive which voted unanimously to call on every miner in the British coalfields to remain in the national union, Mr Scargill announced that the union was to mount a "massive campaign" to persuade "vast sections of the trade union and labour movement" and the public, of the union's case for defending pits and communities.

His call came as Mr Roy Lynk, the Nottinghamshire area general secretary, said that the area's 27,000 miners would, in the "very near future", vote in a ballot or branch vote on leaving the NUM, or vote for amalgamation with another union.

The first would need a two-thirds majority, the second a simple majority.

The Nottingham area - the second biggest coalfield, which continued to work during the pit strike - announced last weekend that it was forming a breakaway union.

It emerged yesterday that Labour Party leaders are deeply concerned over Labour's electoral prospects in the Nottinghamshire area if the split remains irreversible. At the last general election, in 1983, Labour won only one of the eight constituencies in the area. If the party

is to have a chance of an overall majority at the next election, it is argued that these seats are typical of those that must be won.

Although there is no official contact between Nottinghamshire miners' leaders and Labour, it is said that "the lines are open." Party strategists believe there are influential figures in both the NUM and the breakaway area who are anxious to avoid a split.

The NUM executive's decision yesterday demonstrates a wide concern among the NUM leaders that the split in Nottingham could find parallels elsewhere. The Nottingham area leaders last night held talks with leaders of the Colliery Workers and Allied Trades Association, a 1,500 strong group based mainly in the north-east of England.

Both sides said afterwards that they intended to found the basis of a nationally federated union for miners.

An attempt by the NUM to regain control of its funds "as a matter of urgency" was rebuffed in the High Court yesterday. The court had ordered the sequestration of the funds after the union refused to pay a fine for contempt of court during the pit strike.

The union's newly elected trustees applied to have their claim for the removal of the receiver, who holds the funds, heard before the court's summer recess.

Mr Justice Mervyn Davies refused an early hearing. He said the case could be heard on October 2.

He told Mr Gavin Lightman, QC,

for the NUM and the new trustees: "I don't understand why you should disregard orders of this court for months on end and, when it is convenient, come here and expect immediate attention."

The National Coal Board's losses for the year to April 1985 would include a provision of about £500m for repairing damage to pit faces caused during the strike, Mr Peter Gregson, Permanent Secretary at the Department of Energy, said yesterday, Dominic Lawson writes.

Mr Gregson told the House of Commons energy committee that part of this money would be spent in the current financial year, but it would be provided for in the previous year's accounts "because it arises from the strike." The year-long strike ended in March.

The total coal board loss in the last financial year would be about £2.2bn, Mr Gregson said. He reiterated the Government's expectation that it would have to pay the board a further grant of about £1.1bn to cover all of the losses of the last financial year.

Coal board losses in the current year would be more than £300m, Mr Gregson said. He pointed out that the Government had already made provision to grant the NCB £500m in respect of the two years to April 1987.

The Government said in April that it would make no further grants to the coal industry beyond April 1987, after which time the industry should be operating at break-even, or better.

State industries exceed limits on external finance by 100%

BY ROBIN PAULEY

THE NATIONALISED industries again performed disastrously in 1984-85, exceeding their external financing limits (EFL) for the year by more than 100 per cent.

The public spending White Paper (policy statement) of February 1984 gave total external financing limits for the nationalised industries of £1.68bn, which was revised to £1.53bn as a result of national insurance and other changes.

When the White Paper of February 1985 was published, the industries were already adrift from that target, principally because of the effect of the coal miners' strike on the National Coal Board finances. A revised total EFL of £1.21bn had to be written in.

The Government's White Paper showing the provisional out-turn of cash limits for 1984-85, published yesterday, shows even that total to

have been missed by more than £300m. The new estimate is £1.93bn.

In fact, the NCB fared better than expected in February. Its original EFL of £1.1bn was raised to £1.45bn but the latest estimated out-turn is £1.72bn. However, the extent to which the coal strike burden is falling on the electricity industry is shown starkly in its EFL. That now shows it as requiring £323m, not contributing £372m to the Exchequer - as forecast in February - or contributing £740m as forecast in February last year.

The British Railways Board has again been thwarted in its attempt to pull its call on public funds below £1bn. Its EFL of £930m in February 1984 had to be raised to £1.03bn in February 1985, mainly because of lost revenue through the

coal strike. Yesterday's White Paper again raises the figure, which now stands at £1.045bn.

Another casualty has been the British Steel Corporation, whose external financing limit for 1984-85 is shown as £24m compared with only £27m in the February 1984 White Paper.

Among the few nationalised industries that performed better than expected British Airways made a profit of £23m in February 1985, a profit - of £33m against estimates of £247m in February 1985 and £160m in February 1984. The Post Office also did better than forecast, contributing £70m instead of the £60m and £52m forecasts of the last two White Papers.

Yesterday's White Paper shows five breaches of public spending cash limits in 1984-85.

TV chief quits in Dallas dispute

By Raymond Snoddy

MR BRYAN COWGILL, managing director of Thames Television and one of the most senior independent television (ITV) executives, is to leave the company. He is understood to be particularly unhappy about what he sees as uncompetitive collusion between ITV companies, the Independent Broadcasting Authority and the BBC over the fate of Dallas, the oil industry soap opera.

His departure will be the latest surprise twist in a bizarre row that has intensified since January when Thames outbid the BBC for rights to show all future episodes of one of the corporation's top-rated series. As Mr Cowgill prepares to go, talks are already taking place between Worldvision, distributors of Dallas, and the BBC to keep the series on BBC 1 this autumn.

A formal announcement that Mr Cowgill, who before the Dallas affair was expected to take over the Thames chairmanship, is instead leaving "by mutual agreement" is expected today.

The \$60,000-an-episode Thames bid was seen as a breach of the "gentlemen's agreement" among British broadcasters that they avoid starting price wars for U.S. programmes by not "poaching" series already running on each other's channels.

Thames has always maintained its bid for Dallas only after the BBC refused to pay the asking price. The Thames move badly split the ITV companies and the affair was seen as dangerously divisive for both ITV and the BBC in the face of the Peacock Committee, which is looking into the feasibility of advertising on the corporation.

Mr Cowgill, who has been managing director of the largest ITV company since 1977, lost a hard battle over Dallas in June. The Thames executive directors, including rivals for the succession, Mr Richard Dunn, director of production and Mr Muir Sutherland, director of programmes, both supported him.

The non-executive directors from BET and Thorn EMI, which control almost all the Thames shares and have two votes each, decided Dallas should go back to the BBC.

Montagu returns to full ownership of Midland Bank

BY DAVID LASCELLES, BANKING CORRESPONDENT

SAMUEL MONTAGU, the London merchant bank, is to revert to being a fully-owned subsidiary of the Midland Bank under a re-arrangement of its ownership announced yesterday.

Midland is reacquiring the 40 per cent stake in Montagu which it sold to Aetna Life and Casualty of the U.S. in 1982. The repurchase price is \$135m (£97.5m) compared to the sale price three years ago of £86m.

At the same time, Aetna will buy from Midland the fund management business of Montagu known as MIM for £45m (\$62.1m).

This partial split-up of Montagu has been agreed to permit the merchant bank to develop its capital markets business and act as Midland Bank's vehicle for the City of London revolution, while enabling Aetna to pursue its goals in the international investment management business.

Mr Geoffrey Taylor, Midland's chief executive, described the bank's full ownership of Samuel Montagu "is a further step in the implementation of the group strategy for the development of a fully integrated domestic and international capital markets capability which combines the skills of Midland, Montagu and Greenwell" (the stockbroker firm which Montagu has arranged to buy).

The deal, which was initiated by Midland, also fits its policy of tightening control of its subsidiaries, and disposing of those where it only has a minority interest. The policy was shaped in the wake of the large losses Midland suffered through Crocker National Bank.

Aetna intends to grant a large measure of independence to MIM, which controls about £3m in funds and is run by Mr David Stevens. However Mr Stevens' plan to form a group of outside investors to take a stake in MIM has been dropped.

Last year, Montagu disclosed profits of £5m down from £11m the year before. The fall was blamed on poor conditions in the money and bullion markets, Montagu's specialty, and the high business development costs incurred by Mr Stefan Gadd, the chairman who resigned in December.

Yesterday's announcement reveals for the first time that Montagu has inner reserves of some £60m

and will be worth about £190m once all the transactions are concluded.

The deal got a mixed reception in the City of London. Midland's share price gained 10p to close at 395p on the favourable view that the uncertainty over Montagu had been resolved. But some analysts said Midland paid a surprisingly large premium of 30 to 50 per cent to recover its stake in Montagu at a time when its profits were poor and its outlook in the City revolution rather uncertain.

But the deal streamlines Montagu for its planned role as Midland's Bank's vehicle for the city revolution.

Montagu has arranged to buy 100 per cent of W. Greenwell & Co, the stockbroker firm, and together they will be attacking the UK securities markets. Midland has already stated its intention of investing about £25m in a new dealership for the gilt-edged market. Its broader plans, and the scale of its commitment to the City revolution will now have to be detailed.

Two of its major rivals, National Westminster Bank and Barclays are forming groupings through their merchant banking subsidiaries which will have capital bases of over £200m each, which Midland will now have to strive to match without the help of Aetna. (Lloyds is taking the alternative route of developing its own securities operation internally.)

However, Midland's resources, badly depleted last year by Crocker, have since been replenished by a \$750m perpetual note issue, and the bank is now better placed to finance its plans.

Midland differs from both National Westminster and Barclays insofar as it has made no arrangements to buy a jobbing firm as well as a stockbroker. However, the plan at Montagu has been to build on the market-making skills developed on its Eurobond trading side.

The key to Montagu's success must now lie in Midland's ability to strike the right balance between providing it with the backing of a major banking group without smothering the entrepreneurial spirit.

In the immediate wake of the deal, some people suspect Midland may tilt a bit towards tighter control.



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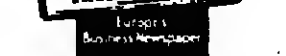
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League table of City analysts again headed by James Capel

BY CHARLES BATCHELOR

JAMES CAPEL, Phillips & Drew and Scrimgeour, Vickers have been confirmed as the favourite analysts of City of London fund managers in the latest edition of what used to be the Confidential Illinois survey but which has now been taken over by Extel, the business information group.

These three teams of stockbrokers' analysts have held the top three positions, in the same order, for the past three years. However, only the top two were rated "very good" by fund managers. Scrimgeour, the number three firm, is ranked "good" together with five other teams of stockbrokers.

Further down the top 19 league table, Hoare Govett has moved up from sixth to fourth position, while Fielding, Newson-Smith has moved into ninth place after being ranked only 12th in 1984.

De Zoete & Bevan dropped sharply from fourth to seventh place while Bove & Pitman dropped out of the top 18. The survey was completed before

Fielding lost its top-ranking breweries team to de Zoete.

These rankings represent the views of 91 investment managers with £190m worth of funds under their control who responded to questionnaires sent out by Extel.

The managers were asked to assess the analysts according to the depth of their knowledge of their sector, the quality of their written material in terms of content, lucidity and value, the frequency with which they followed up their reports and the success of their recommendations.

A disturbing view - offered unprompted by some of the fund managers - was that standards of analysis were falling and the work of the analysts was becoming more superficial.

This might be the result of analysts having to spend more time on the telephone, adopting a higher profile and going more aggressively after business, Mr Geoffrey Osmant - who founded the survey - suggested.

Mr Mike Geering, a partner in James Capel, said: "The days of ivory tower research are gone. I expect this trend to become more marked with contact by analysts on the telephone as well as the written word."

The 1985 "stars" are headed by Mr Geoffrey Carr's stores team at Scrimgeour with 182 weighted votes, followed by Mr Paul Nield's UK economy team at Phillips & Drew with 151 votes and Mr Nyrn Scott Malden of de Zoete's, who gained 146 points for his coverage of the tobacco sector.

Mr Carr's stores team also leads the table of top value analysts, who are judged according to the market capitalisation represented by their sector. They are followed by Miss Carol Ferguson's oils team at Wood Mackenzie.

Ranking of UK Investment Analysts, Extel Statistical Services, 3745 Park Street, London EC4A 4PR. £110.

Men and Matters, Page 18

EMI plans largest UK compact disc plant

BY JASON CRISP

EMI MUSIC - part of Thorn EMI - is to spend £2m building Britain's largest compact disc plant. The decision - made 24 years after compact discs were first launched in the UK - follows embarrassing shortages of EMI titles on the new medium.

Compact disc sales have begun to take off in many countries, such as the U.S., Japan and West Germany, and there is a shortage of capacity. It means that the main manufacturers are rationing the number of discs they will press for other record companies.

The company is to make compact discs at the Swindon, Wiltshire, plant where Thron EMI had to write off a substantial investment to make video discs when it abandoned plans to enter the consumer market. Thorn EMI is at present making a small number of video discs at Swindon for professional

and commercial use. Production of compact discs is expected to start early 1986 with capacity rising to 8m to 10m discs a year within a year. It will be the third plant in Britain making them. Nimbus Records started last year and Disc Technology, backed by 3i Ventures, is planning to start production in May 1986.

Worldwide capacity for compact discs is estimated to be more than 40m this year. The main plants are Polygram in Hannover, West Germany, CBS/Sony in Indiana, U.S. and in Japan. There are at present seven plants in Japan, two in West Germany and one each in the U.S., UK and France.

The British market for compact discs has been slower to develop than in many countries. The number of players sold is expected to more than double from 33,000 last year to about 75,000 in 1985.



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TECHNOLOGY

Why computing links are vital for tomorrow's manufacturers

Geoffrey Charlish on the benefits of integrating shopfloor processing

INTEGRATING the activities that computers perform on or near the shop floor is a major task confronting manufacturing research engineers.

Over the last decade the computer has been applied to draughting, engineering analysis, the production of data for machine tools, the running and programming of robots, production planning, testing and other factory tasks.

But in tomorrow's plants these "islands" need bridging, not just to obviate re-keying of data via paperwork, but to allow all the systems access to a common store of data about the product. Such data ranges from orders placed by the customers to the information needed to evaluate the design, machine the product, test it and package it.

The advantages continue to be emphasised by the researchers. If the same knowledge is immediately available to all the machines and people, product quality and delivery are bound to be improved. Costs are more likely to be held together with price.

But in particular, the prospects of quickly changing a design, or bringing a new one to market before the competition, are sharply improved.

Computer integrated manufacturing (CIM) will be achieved in stages by most companies, not overnight. Several large corporations are developing unified approaches, including General Motors with its MAP (manufacturing automation protocol) and IBM.

Recently, the Research and Development Centre of GE (USA) in Schenectady described computer-assisted design, engineering and production of moulds for the plastics industry, where each new product means a new mould, an expensive proposition.

The software designs and assists in analysing complex parts and can automatically generate instructions for machining the moulds in which they are made. Developed in conjunction with the company's plastics technology department in Massachusetts, the software is called Truce (tri-dimensional rational unified cubic engine).

The first application for Truce was a hiker's backpack frame, blow-moulded from GE's Xanoy resin, a high strength thermoplastic.

In common with most advanced CAD systems, Truce has "solid modelling" software, allowing a three-dimensional representation of the object under design to be put on the screen in colour—the result is almost as lifelike as a colour photograph.

The model, derived mathematically from input data provided by the user, can be rotated to show any of its sides, cross-sectioned to reveal its interior, or it can be taken to pieces, layer by layer.

Dr Lowell Bauer, who heads the Schenectady team, claims that Truce is more powerful than existing solid modelling software. Unlike many of these programs, which construct objects from primitive shapes like cubes, spheres and cones, the building blocks of Truce are not pre-defined. Rather, they are decided by the user and can describe parts that have openings, projections, curves and sculptured surfaces.

In practice, the user constructs suitable solids on the screen from keyboard and graphics tablet commands and joins them together to create the complete object.

With Truce, it is easy to define a mould once the part has been modelled. This is done on-screen by subtracting the part shape from a solid block—to give the reversed shape needed for a mould—and splitting the remainder into the customary two halves.



The backpack frame, on screen in foreground, is the first product made with "art to part" software.

Truce holds promise for eliminating the "cut and try" methods of mould making, in which the idea is committed to paper, a prototype mould is carved and tested, and the whole process repeated until a satisfactory result is obtained.

Says Dr Bauer: "A designer can take a complex product from concept to reality—from art to part—without moving from the computer terminal."

No engineering drawings or physical models were used. Shapes that emerged for the backpack could immediately be tested for structural performance. The Truce database allows finite element analysis to be carried out—a process in which the computer breaks the part down into tiny elements to discover points of weakness in the whole.

Results of this stress analysis helped the plastics engineers to minimise the thickness of the material to produce a backpack frame with better structural performance than an existing metal frame, but with only 75 per cent of the weight.

With the shape and size decided, Truce was able to generate tool paths for the numerically controlled machine tool. After a cutting test on dense foam to verify the tool paths, the mould's core and cavity plates were machined from aluminium,

Chance for engineers to take control of micro-chip design

Geoffrey Charlish explains silicon compiling

THE FRONT COVER of a brochure from Silicon Compilers, a four-year-old Californian company which has just set up in the UK, says: "Don't let anything stand in the way of designing your own integrated circuits."

It is an interesting point. Back in the 1950s, electronic engineers designed their own circuits from hundreds of separate transistors, resistors and capacitors. They had complete control. In production, the components, each the size of a penny, were connected with yards of wire within a metal chassis by armies of operators with soldering irons.

From 1960 the "chip" changed everything. Today, up to 500,000 microscopic components are impressed on to a penny-sized piece of silicon that might represent the majority of a complete electronic system like a computer. Because these chips can only be made in large, costly factories, design has inevitably slipped from the users' hands into the integrated circuit companies.

These expensive processes demand large sales of each design to recoup expenditure, and designers in industry have found themselves working with the same standard circuits as everyone else.

Although this might work for some consumer products, the designers of professional electronic equipment need to realise proprietary ideas on silicon. Although they can have custom chips built by the big companies, the production volume often does not justify the cost.

One answer is to avoid "freezing" all the electronic functions on to the chip in the factory. Instead, arrays of circuit elements—either fundamental logic gates or more complex standard cells—are provided which can be connected together to give the user what he wants. Ferranti in the UK was a pioneer with its Uncommitted Logic Array.

Although this restores some design control to user engineers, they remain in the hands of the integrated circuit company to the extent that they are systems, not semiconductor engineers.

Integrated circuit design is highly complex and nowadays impossible without computer aided design and engineering (CAD/CAE) systems. The chip companies for over 10 years have used screen and keyboard

the new design system, called Genesil, is an expert system—it encapsulates all the specialised knowledge of a semiconductor expert ready for the system designer to use.

Dr Kaufman is in Europe drumming up business and looking for semiconductor companies willing to become silicon foundries for the custom designs generated by Genesil. The company has already spent \$400,000 on promotion and has sold 12 systems, one in Europe to a large French defence company. Another customer is Digital Equipment Corporation, which used it to design chips for the MicroVAX computer.

Dr Kaufman says the others do not wish to be known. Genesil is used in three stages: design, verification and tooling.

First, a block diagram of the design is constructed in conjunction with a form-filling exercise on screen to decide circuit elements like registers and multiplexers. The elements do not have to be designed, but are called up from a library. Impossible situations or errors are flagged by the system.

The designer can use "what if" tactics until satisfied with the basic design, whereupon the system produces three software models. One allows the design to be "operated" as if it were real, to ensure the functions are what they should be. The second checks the timing in the circuits (a vital matter in all digital designs) while the third produces a physical layout in which the placing of elements on the silicon and their interconnection are established.

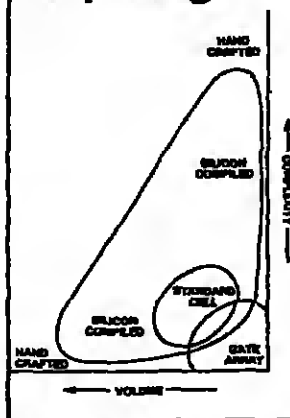
Genesil then produces tapes to drive production machinery. Multi-user systems cost more than \$500,000, but recently the company introduced a single user version for \$165,000 running on a DEC MicroVAX 11.

Silicon Compilers claims its only real competitor is Seattle Silicon Technology, which sells software only to workstation manufacturers. But in Edinburgh, Lattice Logic has software starting at £10,000, rising to £100,000 and has made sales to Ferranti (a shareholder).

VLSI Technology in the U.S. and Fela Express Logic in Switzerland.

The coming market is huge. Dataquest, the market research company, believes it will reach \$15bn by the end of the decade—a third of the total circuit market.

Ranges of chip design



The graph shows how the complexity and production volume of chips affects the choice of design method.

circuit, that design times still restrain quick market response and that lack of familiarity with semiconductor technology inhibits designers.

The objective of companies like Silicon Compilers in the U.S. and Lattice Logic in the UK is to bring custom design to user engineers by means of higher level software in the CAD/CAE systems. By allowing them to forget about the intricacies of chip technology, the design process can be speeded up and made more reliable and cheaper.

Dr Philip Kaufman, president of Silicon Compilers, says that

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Flat screen sales set to grow rapidly

NEW BREEDS of flat information displays should generate a world market approaching \$1bn by 1990, according to market research from Stamford Resources, available from IPT in Copenhagen.

The report predicts the market will grow at 25 per cent a year from this year's sales of \$227m. It covers high information content dot matrix displays with at least four lines of characters.

Microcomputers will be the leading application area and by 1992 will account for two thirds of the U.S. market. The flat screen will also be widely used in display telephones.

Liquid crystal devices will continue to account for some 40 per cent of sales, while light emitting diode systems, plasma panels and vacuum fluorescent devices will lose share.

But between now and 1992, the new flat cathode ray tubes, the electrophoretic and the electroluminescent systems will have gained 2.3, 5.7 and 11.1 per cent of the market respectively. More on Copenhagen 632644.

New portable computer

HEWLETT PACKARD has launched a portable computer which weighs under 10 lb, measures only 13 x 10 x 3 inches and costs £2,395.

Called Portable Plus, the machine has a flip-up liquid crystal screen that displays 25 lines of 80 characters each—considerably larger than that of the previous portable.

Furthermore, it can address up to 336 kilobytes (thousands of characters) of random access memory or three million bytes of read only memory (ROM)—double the capacity of the HP110.

Applications software, available in ROM cartridge form, includes Lotus 1-2-3, MSWORD, and several others. More on 6344 424933.

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USA	2.5	0.6	3.3	2.8
W. Germany	2.5	2.2	2.5	2.5
France	1.5	1.6	6.3	6.0
UK	3.0	1.5	5.8	5.6
Italy	2.5	1.5	8.1	8.0
Canada	2.5	1.0	3.8	3.5
Other OECD	2.4	2.0	8.7	8.0
Total OECD	2.8	1.6	4.5	4.1

(f) = Forecast. Source: Nomura Research Institute.

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FT REGIONAL REPORT

NORTHAMPTONSHIRE

Natural commercial advantages and a history of good industrial relations should feed continuing expansion in spite of the wind-down of the new town.

Problems that others envy

NORTHAMPTONSHIRE has problems others would envy. The key issue, if one dominates, is jobs. But this is an essentially rural county where unemployment is not only less than the national average but also below that of neighbours in the prosperous East Midlands.

There are unemployment black spots, such as the steel town of Corby, but these are special cases where remedial action has brought a dramatic response. The county with its rolling acres in the centre of England, striding the motorway network, has all the natural advantages.

To those have been added the stimulus of government intervention and public investment which have encouraged two decades of rapid growth. Northampton, the county town, described by one general manager of the development corporation set up to push expansion as "the biggest village in England" still retains the character of an overgrown market town.

The period of "white-hot expansion" came to an end last month with the winding up of the Development Corporation. In 15 years population grew by 35,000 to 165,000 with houses erected at the rate of 3,000 a year. More than 40 miles of new roads cut through countryside and urban areas to make way for 9.5m sq ft of new factories and warehouses and approaching 2m sq ft of offices.

Northampton was designated a new town amid the optimism of the 1960s. It was to provide a counter-magnet to London and cope with the surplus of jobs and people forecast to be generated by the national economic growth which, sadly, fell well short of target. The plan went ahead with Northampton pitch-

ing for mobile jobs along with Milton Keynes just 15 miles to the south.

Corby was one of the early new towns, nominated in 1950 because of its overdependence upon the steel industry, but given a new impetus since the demise of its development corporation in 1980. The jobs crisis provoked by British Steel Corporation redundancies in 1979 led to the New Towns Commission forging a unique arrangement with Corby District Council and the county council to generate new employment.

Mr Fred McClenaghan, the Director of Industry, can point to 7,000 jobs created during the recent recession but concedes he has to run to stand still in a town with 23 per cent unemployment. Corby has benefited from designation as a development area, as an enterprise zone and from funds from the European Community.

Wellingborough nearby has also been given a boost by the designation of an enterprise zone, much of which has now been filled with the town well on the way to its target of creating 2,200 new jobs. The town itself saw rapid growth from 24,000 to 40,000 during the 1960s and 1970s under an overspill arrangement with the Greater London Council which came to an end in 1980.

Wellingborough's prosperity, based upon traditional industries such as footwear and engineering, was delivered a jolt at the beginning of the last recession when redundancies and closures caused unemployment to jump from 4 per cent to 14 per cent in little more than 12 months.

Near neighbour Kettering, already a town of 22,000 with a diverse economy, is looking for

further growth. New industrial land is being made available. Hopes are also high for the stimulus that would come from a government go-ahead for a new road to link the A1 and M1, providing an important cross-country route from the Midlands to the east coast.

But Daventry at the west end of the county believes its route to the east coast can be adequately served by the upgrading of the A45 which is now under way. Daventry, in common with most of the urban centres in the county, has the good communications so attractive to warehouse and distribution industry. But the town,

THE CONSERVATIVES are back in control of Northamptonshire, for decades a traditional Tory shire county—but only just. Northamptonshire was something of a national exception in the recent May elections when the Alliance made no impact, leaving the two big parties to share the honours. The Liberals, as in 1981, picked up only four seats.

It came as something of a shock back in 1973, when, in the wake of local government reorganisation, assimilation of the previously independent Northampton Borough Council, with its slabs of urban Labour voters, returned a narrow socialist majority.

The election marked a turn-

ing point, argues Mr Bill Moreton, present Conservative leader, successful farmer, ardent supporter of Mrs Thatcher and councillor of 21 years. Before then it was "more of a club atmosphere," he reports. Labour members in a Conservative dominated council held committee chairmanships. There was give and take and party politics took second place to the issues of the day.

A moderate Labour administration, mindful of the past traditions, was swept away in the massive national swing to the Conservatives in 1977. But the election of 1981 returned a council split down the middle with Labour and Conservative holding 31 seats each.

Politics

Politics appeared to remain sporting and at the first full council meeting the Labour and Conservative leaders tossed a coin to see who should make the first speech to seek support from the four Liberals and two independents.

The Liberals hacked Labour. Such a tight balance would seem to preclude extremism. But Mr Moreton maintains left wingers came to the fore. "Meetings were dragged out by procedural moves and council business became dominated by party politics," he alleges.

His philosophy now that the Conservatives have power again is "to try and bring some tranquillity back to the county council." He is looking for shorter, more orderly committee council meetings with the officers given more responsibility for carrying out their duties.

"If we are to attract the right calibre of officer we do not want elected members peering over their shoulders watching every move," he argues.

But Mr Moreton is equally constrained by the closeness of the latest election. The Conservatives have 34 members, including the chairman with his casting vote, against 29 Labour,

More than half the increase will come from migration into the county.

The pull of the industrial Midlands to the north of the county has been weakened by the impact of recession upon Coventry and the West Midlands conurbation. But Luton, Dunstable and Bedford to the south continue to prosper.

The county plan, covering not just the principal centres but also "a rural population dispersed in 280 villages and hamlets," forecast some 44,000 new jobs created by the year 2001. But even that target provides evidence of the new county's confidence; should it be

achieved unemployment would be cut by almost half from the present 12.2 per cent to 7 per cent.

Mr Jeffrey Greenwell, chief executive of the county council, points to the good relations between industry and local politicians of all parties as a key factor in attracting new employers. He cites the example of the recently formed Northamptonshire Enterprise Agency, a partnership between the eight local authorities in the county and the private sector to create new employment.

The agency is about to launch a publicity campaign under the

catchline "Northamptonshire, the best kept secret." Mr Greenwell explains the importance of keeping the county's name in the public eye, particularly the need to fill the vacuum created by the disbandment of the Northampton Development Corporation with its big advertising budget.

The modern furnishings in Greenwell's office—the visual display unit, perhaps the symbol of the new technology—strike a contrast within the traditional setting of his county hall headquarters, just a few paces from Northampton's historic cobbled market place.

But this is a county conscious

of its commercial advantages, proud of its past. Mr Greenwell explains with relish and amusement that the moderation of the local people and the present good industrial relations have a long history.

The king, when announcing the poll tax that lead to the Peasants' Revolt of 1381, chose to tell his parliament held in Northampton. "He clearly realised that what might cause revolution elsewhere would be taken in their stride by the people of Northamptonshire. It takes a lot to get them worked up but they usually come out winners."

Indeed, for all the predictable rhetoric, in a county so politically divided there seems to be a basic consensus that the local authority must provide an environment in which business can thrive.



One of the housing areas built by Northampton Development Corporation and now handed over to the local council

Top Tory with a philosophy of tranquillity

Politics

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four Liberals and one independent.

Questioned about the crucial role of the independent Mr Moreton replies: "I don't need his support but I always welcome his company."

Nor will it be an easy ride as far as the Labour members are concerned, says Mr Jimmy Kane, the outgoing leader of the council who has headed his group for the past nine years.

Mr Kane, a worker-director at the British Steel Corporation at Corby for 12 years until he was made redundant in 1980, insists that he "leads from the front."

He disclaims any left wing bias in the group: "I am a middle of the road socialist. I do all the

things most people of moderate opinions would accept as right."

He was the first chairman of the Northamptonshire enterprise agency—a joint local authority—private sector body set up to generate new employment: "We understood the requirements of industrialists. We were honest with them. Even if they did not agree with us they knew why we took the actions we did."

Indeed, for all the predictable rhetoric, in a county so politically divided there seems to be a basic consensus that the local authority must provide an environment in which business can thrive.

CORBY WORKS

NO SECRET.

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Workspace and skills

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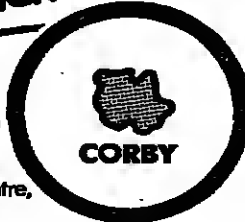
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FT 12/7

CORBY WORKS

Northamptonshire 2

Achievement and sadness mark end of an era

Northampton

MR LESLIE AUSTIN-CROWE, general manager of Northampton Development Corporation, closed the doors of his rather grand office complex for the last time two weeks ago.

It was a moment of mixed feelings of achievement—Northampton had successfully completed its burst of rapid expansion—and sadness that the development corporation and its 260 staff had been disbanded after a unique new town experiment.

For Mr Austin-Crowe, at 57, retirement seems premature: "I don't know what I will do. I have been working a 70-hour week."

"This job has been my life. I will have to see what I feel like come Monday morning."

Mr Austin-Crowe, originally chief estates surveyor, was one of the first officers appointed 16 years ago to push expansion "at a white-hot pace." Northampton, a mature county borough with a population of 130,000, was given new town status and a development corporation.

The target population was 230,000 by 1991. The motive was to provide a counterweight to growth in the booming South-east. In the early 1950s there was so much optimism about the pace at which the national economy would expand that the problem was considered to be largely one of accommodating the pressures of rising population and employment.

That bubble burst even before the development corporation had got its feet under the table at the rather primitive temporary accommodation it acquired in 1969.

But government policy was fixed, and Northampton along with the new town of Milton Keynes, 15 miles to the south, was left to slug it out with assisted areas for a decreasing supply of mobile industry.

Northampton, in the early years, was expected to look to London for jobs—and people, as it had an important social role in easing the housing problems of the capital. But as reality asserted itself the links weakened.

Soma big employers were recruited from London, like Telfers and Lummus. But it has been very much an open house with Northampton establishing a reputation as a centre of excellence. About 70 companies from 15 countries have set up in the town.

But Mr Austin-Crowe reports a change in recent years, with growth tending to become indigenous rather than imported. Smaller companies already established in the town are providing the momentum.

This self-perpetuating growth made it easy for the Corporation to set the beginning this year as the wind-up date for the development corporation. National policy had switched progress in favour of committing resources to declining inner cities.

The transition was made easier for Northampton by the shift in 1979 by the new Conservative government to privatisation. Development corporations were urged to seek funds from the private sector and encouraged to sell industrial and commercial assets.

Assets

Sales in the first financial year reached £3m, but in the final 12 months achieved £53m, says Mr Austin-Crowe: "It proves our developments had a commercial value and were wanted by the market."

One important disposal was the 220,000 sq ft Weston Fawell shopping centre, which went for £6m to Capital & Counties, the property investment group. The success of the sell-off meant that the Commission for New Towns, which took over the development corporation's assets in April, acquired a fairly restricted portfolio.

Northampton Borough Council took over the development corporation's 6,800 rented houses—after nearly 25 per cent had been sold to tenants—and acquired community assets such as parks, shops and public house sites.

The commission is now responsible for about 1,000 acres with development potential. More than 260 acres of industrial and commercial land is serviced and ready for development.

Only a small amount of the 350,000 sq ft of factory space

rented out by the commission is vacant. Sir Neil Shields, the chairman, complimented the town on the smooth handover of assets and said that promotion of Northampton will continue.

Recession had its impact upon Northampton, shaking out jobs and causing some company casualties, but diversity of manufacturing and distribution developed over the expansion period provided a cushion. Unemployment, at just over 10 per cent, is comfortably below the national average.

The draft structure plan for Northamptonshire says that through the 1970s there was a net increase of 20,000 jobs in the town. It suggests another 16,000 to 17,000 are needed up to 1991, which would push unemployment down to some 7 per cent.

Mr Jerry McDonald, chairman of the Northamptonshire group of the Confederation of British Industry, is fairly optimistic about prospects. "A lot of new companies have come into the area. Competition is intense but the town has a lot of natural advantages."

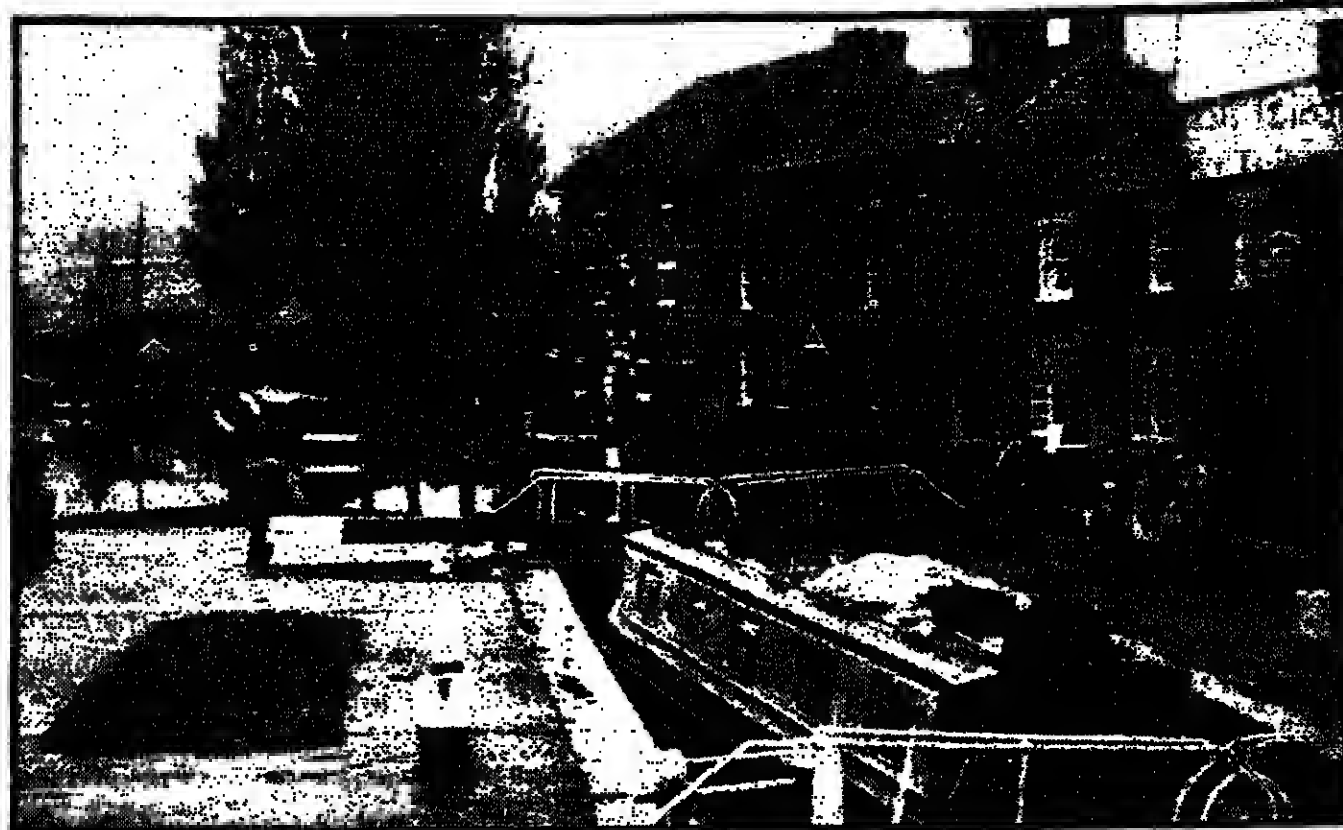
He is finance director of Avon Cosmetics, UK subsidiary of the U.S. business which has expanded consistently since it set up in a house in Northampton 25 years ago. The company has a turnover of about £90m and 1,700 workers.

Development is continuing particularly in the southern district, just off the M1 motorway. Tesco is building a shopping centre, the Bryant-Costain consortium has bought 175 acres of land for a residential development, and Black & Decker is constructing the first phase of an £8m distribution centre.

Mr Austin-Crowe says the town is well placed for the future. Are there things still to be done or any regrets after 16 years of expansion?

"I would be hard put to find any problems," he says. "I would be anxious about employment, particularly for school-leavers. But in a town like this there ought to be the prosperity to overcome the problems."

As to his own future he is philosophical. "I shall continue to live in Northampton, it's a good place to be."



The National Waterways Museum is on the Grand Union Canal at Stoke Bruerne, near Towcester

Land release should aid expansion

Daventry

DAVENTRY, astride the A45 and near to the M1 and M6, has obvious attractions as a distribution centre. The presence of big names, such as Argos and Ford, which has a parts operation in the town, are witness to that.

But it has also attracted a large number of small manufacturing companies alongside more well-known ones like British Timken, Cummins Engines and Churchill (TI).

Mr Philip Wright, Daventry chief planning officer, attributes the success to his district council's policy of providing advance factories to rent—some 124 units totalling 318,000 sq ft. He explains that the council tends to have less restrictive covenants than those of private developments, encouraging tenants to trade up into bigger units as they expand. Most of the factories are between 2,500 and 5,000 sq ft although smaller units of around 600 sq ft have been built in recent years.

But the real driving force for Daventry's expansion, which has seen the population of the town itself more than double to 17,000 over the past two decades, came from the overspill agreement in 1968 with Birmingham City Council.

In the prosperous 1960s Birmingham was looking beyond its own boundaries to cope with an expanding population. The city provided staff and finance in Daventry to promote housing and industry.

The Birmingham arrangement, given the sharp reverse in its fortunes, is no longer active although a representative of the city council still sits on the Daventry Development Committee.

Mr Wright says: "We have a lot of Birmingham people here—though many are now second generation. There is a bond of interest, almost affection, between the city and ourselves."

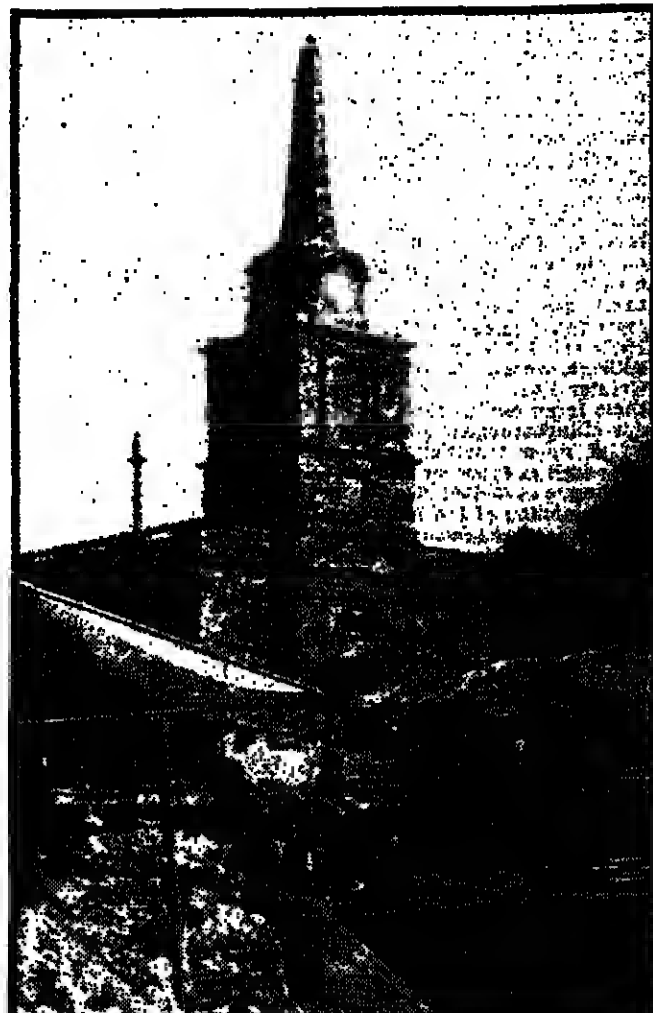
Interestingly, only one or two firms made the move from Birmingham. Daventry has recruited from a wide area and for a period also had overspill arrangements with London.

The town has been constrained over the past two or three years in attracting bigger developments because of its inability to offer sites of more than three or four acres.

But the district council has recently opened the 30-acre Drayton Fields employment area on which a site of up to 15 acres could be made available. The council also has under construction a 30,000 sq ft development of factory units ranging from 500 to 2,500 sq ft.

The private sector is also active with speculative developments of 14,000 and 15,000 sq ft. Looking to future requirements, Mr Wright reports that his council is hoping to acquire 135 acres of land suitable for industry currently in the hands of a liquidator: "that would meet our requirements up to the year 2000."

Daventry's popularity as a shopping centre has increased following part pedestrianisation and traffic management schemes in the town centre. The major development has been renovation of the properties in Sheaf Street, including the recently completed International Stores.



The Holy Cross church in Daventry from Market Square. Popularity of the town's shopping has been increased by traffic management

Dramatic shift from steel

Corby

CORBY has created 7,000 jobs over the past five years. For the town, which has a working population of 24,000, that is the equivalent of around 30 per cent of the jobs required, says Mr Fred McClenaghan, the Director of Industry.

"And we have achieved that through the depths of a national recession. The trouble is that we had lost 50 per cent of the jobs before we started. We still have to find the other 20 per cent."

Indeed, the employment problem at Corby, traditionally a one-industry town, reached crisis proportions in 1979 with the announcement by the British Steel Corporation that it was to close its 11,000-strong labour force.

Coopers and Lybrand Associates, called in as consultants, recommended a programme for massive industrial development. A unique role was given to the New Towns Commission which was in the process of taking over the assets of Corby following the disbandment of the Development Corporation originally set up to promote expansion.

Corby was declared a development area and the Commission was charged with the task of assembling sites, building the roads and infrastructure and providing the factories necessary to attract new industry.

The Commission linked with Corby District Council and Northamptonshire County Council to form a Joint Industrial Development Committee to which Mr McClenaghan reports.

Corby was given another boost in June 1981 when it became England's first enterprise zone able to offer special incentives on a designated 285-acre area.

Mr McClenaghan reports that only 15 acres remain for development but there are buildings immediately available to suit all shapes and sizes of new-comer.

Around 500,000 sq ft of accommodation, whether in the enterprise zone or not, is currently available. Most of it built within the past two to three years. "I can find anything from less than 1,000 sq ft up to 50,000 sq ft," Mr McClenaghan says.

He says that following the recent government review of regional policy Corby is eligible for the highest level of assistance worth from £3,000 a job.

The effect of attracting so many new companies in recent years has been to diversify the local economy dramatically. British Steel now employs little more than 3,000. But companies can be found making everything from sugar cubes to clay pigeons and bread crumbs to wellington boots.

One of the newcomers, R. S. Components, a distributor of electronic and electrical parts, was established as the national distribution centre for Corby, now employs around 1,200 workers.

Commodore, one of the leading U.S. personal computer companies, has committed a £20m investment and employs 600.

Corby, 80 miles from London and 50 miles from Birmingham, has always stressed its strategic location. More than £20m has been spent on highway improvements over the last five years. "Nearly every road in every direction has been straightened or made into dual carriageway," Mr McClenaghan says.

Corby would benefit from construction of the proposed highway link between the M1 and A1 providing a cross country route from the Midlands to the east coast. The public inquiry into the road has been completed and a government decision is expected within 12 to 18 months.

Looking to the future, Mr McClenaghan says it is hard to make predictions about Corby's unemployment, currently standing at 23 per cent. But he is confident of "very steady business." He adds: "I think we shall see a few more of the bigger companies coming to establish themselves in the town and continued expansion of the firms already here."

Enterprising move out of the shadows and into diversity

Wellingborough

DESIGNATION as an enterprise zone has turned around the fortunes of Wellingborough, claims Mr Bob Entwistle, the district council's director of development. "We were being overshadowed by all the incentives being offered by places like Northampton, Corby and Milton Keynes. Now we are more than holding our own against the competition."

Indeed, less than two years since Mr Norman Tebbit, the Trade and Industry Secretary, opened the 95-acre zone nearly 90 per cent has been allocated. More than 250,000 sq ft of factory and warehouse units have been completed and many are already let. Other sites have been taken up for developments totalling more than 1m sq ft.

Names attracted include Anglia Building Society, Boots, Cusworth Engineering and Mothercare. Customer making coping machinery, is expected to employ more than 400. Texas Homecare has taken 15 acres for offices, warehousing and vehicle maintenance and may employ around 300.

Mr Entwistle reports that forecasts from companies taking

space in the zone suggest that more than 1,000 jobs will have been created by the end of the year. And he is confident that the 2,200 jobs target set for the project will be exceeded.

He says the town has been ready and road communications, a ready supply of well-trained labour, key worker housing and "a pleasant environment in a mature market town."

The fact that Wellingborough, a town that prospered and expanded rapidly throughout the 1960s and 1970s, should ever require special assistance came as a shock. It followed a period in 1981-82 when company closures and redundancies pushed unemployment from around 4 per cent to 14 per cent.

Target

There were casualties across the spectrum but particularly in the town's traditional boot and shoe and engineering industries. "I don't think we shall ever suffer that shock again. We are more diversified and less vulnerable," Mr Entwistle argues, pointing out that no company now employs more than 500 workers.

Wellingborough's unemployment rate in May, at 13.2 per cent, fell back to the national average for the first time for several years. "There is every

sign that the progress will continue. Our next target is to get below the regional average, and then the county average."

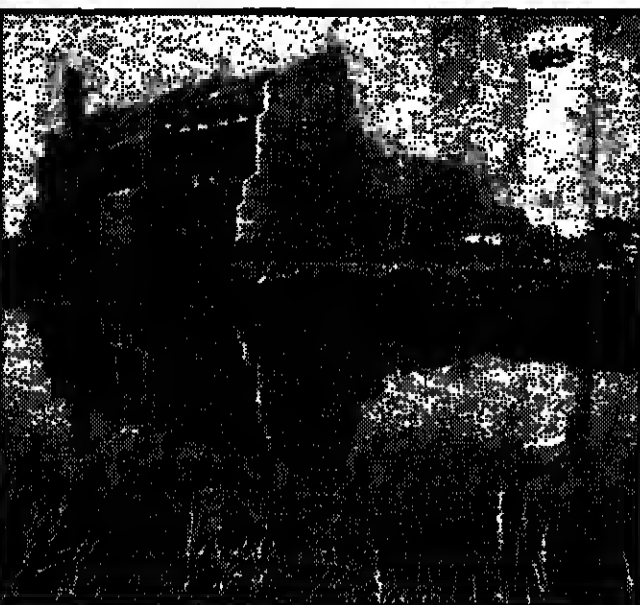
Mr Entwistle makes the point, however, that 4,700 extra jobs will be required in the period up to 1991 to cope with the increase in the workforce able to offer to newcomers good caused by the number of school-leavers exceeding retirements.

Wellingborough is looking to continued growth, albeit at a more leisurely pace than in the period from 1962 to 1980 when it had an overspill arrangement with the Greater London Council and the population increased from 24,000 to 40,000.

It was against the expectation of a much higher population than now seems likely that in 1977 the 320,000 sq ft Aradale Shopping Centre was opened. But, helped by free car parking, and the influx of new industry, the retail trade has remained buoyant. Some limited development schemes seem likely.

Wellingborough, while concerned to expand the service sector, has also moved quickly to ensure a ready supply of industrial land following the early take-up of space in the enterprise zone.

A 200-acre site just to the south of the zone is currently being opened up and should be ready by early next year.



Carlsberg's brewery in Northampton is its largest manufacturing complex outside Denmark

Optimism rules on growth prospects

Kettering

KETTERING, a pleasant market town with a sound manufacturing base, has an unemployment rate of 10.7 per cent, comfortably below the national average. But that is no reason for complacency, argues Mr Martin Eagland, chief executive of the borough council.

He specifies job creation as the first priority, pointing out that the broad average masks several pockets of much higher levels of joblessness.

"Nor should one see the issue merely in terms of unemployment figures," he argues. "It is important to attract new companies and industries to give a dynamism and stimulus to the local economy."

Kettering, with a population of 72,000, takes a more optimistic view of its growth prospects than that postulated in the draft plan drawn up by Northamptonshire County Council which projects a level approaching 77,000 by the turn of the century.

The borough draws attention to its potential importance as a distribution centre, particularly if the Government gives the go ahead for the proposed cross country road link from the M1 to the A1 of which a Kettering bypass would be an integral part.

The town's principal industrial estate, Telford Way, is close to the planned route and next to the A6. Work started recently on servicing 40 acres which will be available for occupation from next January.

The development is more significant given Kettering's difficulties in the past in making available a ready supply of industrial land because of shortage of capital.

Mr Nigel Cooper, the industrial and commercial development officer, reports that a range of sites and premises are currently available for immediate occupation. He maintains that land and building costs in Kettering are low compared with surrounding areas and that grant assistance is available under a new scheme introduced by the borough council.

Mr Cooper said the importance of attracting new companies made it imperative that the funds would be made available to finance a continuous supply of land. Distribution activities, though providing relatively low employment, were likely to become increasingly important.

Traditional

Companies that have become established in the town in recent years include Canada Dry Rawlings, Lyons Trolley and McAlpine. But Westabix, the company famous for the breakfast cereal of that name and for its Alpen brand, remains the largest employer in the area with around 1,600 workers.

The borough, recognised for its traditional industries of leather footwear and clothing, is the home of SATRA, the highly regarded Shoe and Allied Trades Research Association. But the diverse manufacturing sector extends across engineering through plastics and food processing to electronics.

Mr Eagland is also anxious to see a continuation of the growth in the service sector, though he makes clear Kettering must set its sights on servicing a sub-regional market rather than just the town.

An indication of the trend towards services as Kettering expands and prosperity rises is the pressure from retailers and developers for new projects in the town centre.



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SATELLITE DATA REVEALS WHEREABOUTS OF SECRET PROFIT-MAKING CENTRE

MAKING MILLIONS

A recent analysis of satellite data has revealed a secret profit-making centre in the tranquil surroundings of the English countryside only 70 miles north of London. Further investigations have discovered a series of mysterious operations in which businessmen have been making millions.

NETWORK UNCOVERED

A careful examination of pictures from the satellite has shown the area to be in the middle of a large and well established network of communications. Heathrow, Birmingham International and East Midlands airports can clearly be seen, none of them appearing to be much more than an hour or so away. The East Coast ports are also nearby, and from them millions of pounds worth of exports are daily making their way to foreign destinations. And behind the whole of this network is a complex infrastructure of service and support.

RURAL LOCATION

On the surface it looks much like any other peaceful rural area; a pleasant mixture of towns and countryside and

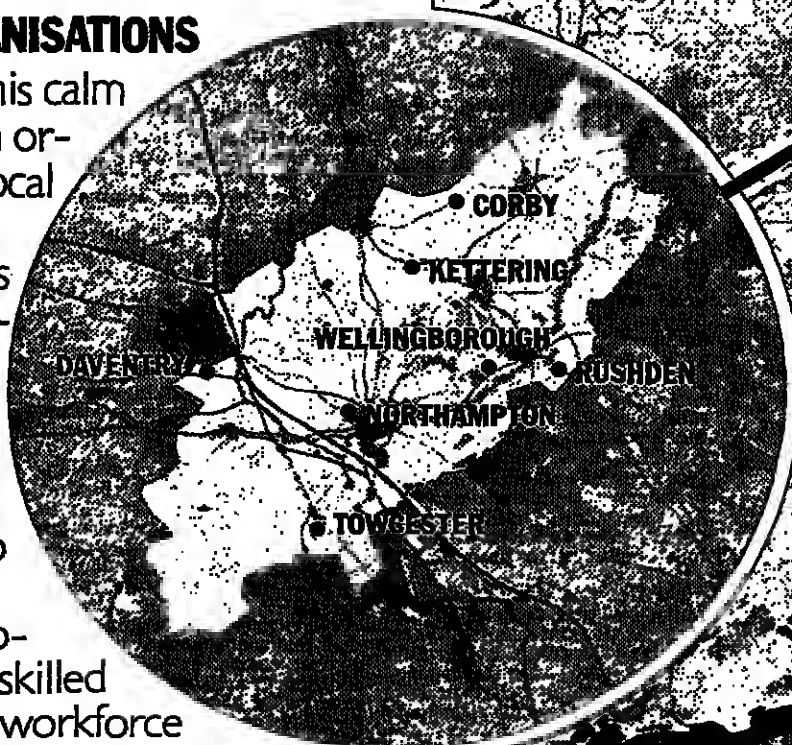
a mature society cheerfully tending its daily affairs. Beautiful houses line the streets, there's plenty to do, and the pace of life is comfortable.

SECRET ORGANISATIONS

But beneath this calm exterior lies an organisation of local businessmen and councillors who are working together to create the ideal business environment. They're able to count on the support and co-operation of a skilled and dedicated workforce that has adapted rapidly to changing modern needs and which takes pride in the work that it does.

FAMOUS NAMES

So it's not surprising that such important national and international names as Ford, Weetabix, Avon and Barclaycard have been quietly getting on with being successful in this idyllic rural setting, known locally as Northamptonshire.



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Northamptonshire 4

Promotion drive to fill vacuum

Enterprise Agency

DAVID MANN, at 51, is one of Northampton's newcomers. But you would hardly think so to hear him reel off the attractions the county holds for industry and commerce.

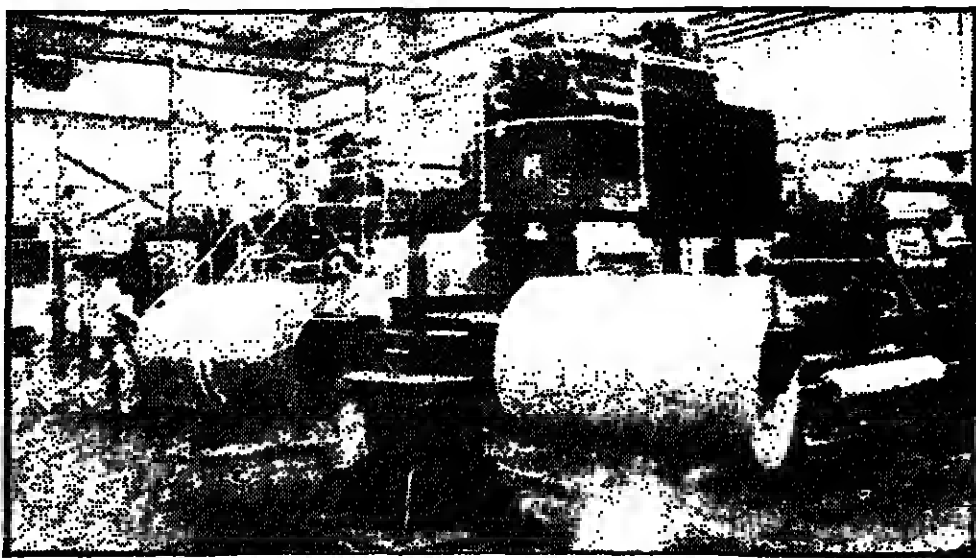
A former senior executive with Guest Keen and Nettlefolds and the British Steel Corporation, he was recruited as chief executive of the Northamptonshire Enterprise Agency, a joint private sector-local authority initiative to generate employment and growth in the county.

After 18 months in the job he is giving a big push to the promotion side of the work with the launch of a national publicity campaign, to fill the vacuum created by the dismantling of the Northampton Development Corporation with its big advertising spend.

Mr Mann points out the agency has neither the finance nor the staff to replace the development corporation. "But we intend to keep Northamptonshire's name and image in the market place for those considering development projects."

The agency for the first time provides an umbrella organisation to promote the county as a whole. Individual towns have and will continue to advertise their particular attractions. All seven district councils are members of the agency with the county council providing around £250,000 of funds in the current year.

Mr Mann stresses the importance of local effort to make promotion of the county a success. Close liaison had been maintained with all the local authorities in developing the campaign and it would be the responsibility to follow up any projects revealed by the publicity.



The agency hopes to continue attracting concerns like Euromax, which has centralised UK operations on Corby's Earlstrees industrial estate

Mr Jeffrey Greenwell, chief executive of the county council, certainly endorses the agency's advertising campaign based on the slogan: "Northamptonshire—England's best kept secret." He chuckles: "It is true that companies here have achieved great success. The promotion presents the information in an amusing form just as a secret agent would report to his superiors."

But the agency, which operates as a company limited by guarantee, is very much a partnership with the private sector holding an equal number of seats on the board. Companies contribute both through direct finance and the seconding of staff.

The core activity of the agency is small business counselling, a role operated jointly with the Department of Trade and Industry's small firms service. The majority of the inquiries relate to the possible start-up of new businesses in the county.

Mr Mann believes that a scheme, introduced by the county council under which grants of £250 a job are offered to small firms starting up, expanding, or relocating in the area, could be unique. The offer applies up to a maximum of 10 jobs.

In the last financial year 139 applications were approved involving grants for 468 jobs. Mr Mann accepts some job commitments will not be realised but suggests other firms may exceed their quotas: "This is one of the few available ways of developing employment opportunities. A cost of £250 a job would seem to represent good value for money."

Corby and Northampton the league table of grants approved but the spread is fairly even across the county. Mr Mann reports the flow of applications shows no sign of easing for a scheme which he says is "making a significant

contribution to the county economy."

The agency has also taken the lead in seeking to unite various interests in the county to develop tourism—one of the growth sectors where Northamptonshire is thought not to be realising its potential.

A role is also seen in promoting property development in partnership with the private sector. The agency believes there must be a number of schemes which would be desirable for the county economy but might be regarded as marginal under normal private sector criteria. Mr Mann highlights in particular the provision of high-tech premises on less than onerous terms, and the refurbishment of older buildings into cheap and cheerful workshop premises.

But as he points out the agency is a relatively new body and can only move as fast as staff and resources permit.

Pent-up demand outside towns

Retailing

CONTINUED consumer spending and shifts in shopping patterns are pushing up retail values and stimulating development.

The draft county structural plan, now under discussion, points out that in quantitative terms there is probably an overprovision of shopping floor space until beyond 1991. But putting the simple statistical issue on one side the plan acknowledges the impact of changing consumer habits and the demand for qualitative improvements in shopping.

The plan addresses itself to the key issue already apparent throughout the county of pressure for out-of-town stores. There is pent up demand with leading national retailers seeking sites of two to three acres close to radial road routes.

The county planners say it is important to make some provision for out of town shopping but point to the "growing fear that some of the important and anchor stores could be lost to other locations or the more vulnerable shops in town centres could be forced to close down."

In Northampton, the county's main shopping centre, planning has restricted the supply of retail warehouse space. Sainsbury has recently established a Homebase store close to the town centre and Harris Queensway has taken a 42,000 sq ft building on an industrial estate on the fringe of the town.

Northampton's main retail competition comes from Leicester, 30 miles to the north, and Milton Keynes, 15 miles to the south. The success of the new city's 1m sq ft shopping centre with its 400 of free parking has probably been a factor in prompting pedestrianisation schemes now underway in Northampton's main shopping area, Abington Street. The pedestrianisation and the planned restructuring of the traditional cobbled market square is expected to raise values. A further boost will be given by a scheme expected to start late next year to redevelop Peacock Way, an important gateway to the market square to Abington Street.

Big names

The development which went out for tender in the spring was won by the Shorwater Group. The key tenant in the 80,000-sq-ft project is expected to be Hepworth.

A sign of the continued demand is the fact that Penwise Properties has now let 12 units, each of around 30,000 sq ft, in its Notre Dame scheme fronting Abington Street.

Northampton's rapid expansion over the past decade has seen the building of more than 1m sq ft of shopping area, of which the biggest scheme was the 300,000-sq-ft Grosvenor Centre.

The covered shopping complex has attracted many of the big names and agents report a shortage of prime shops with very few properties coming on to the market.

After the upheaval caused by a redevelopment on that scale, retailing seems to have re-established a set pattern, with Mercers Row and the Drapery significant secondary areas. Gold Street has proved popular with discount outlets and specialist traders. Bridge Street has attracted restaurants, estate agent offices and professional services.

The success of the development corporation's district centre at Weston Favell is underlined by its purchase for £8m by Capital and Counties.

The centre has opened 250,000 sq ft of retail space, with some 182,000 sq ft occupied by Tesco. Tesco itself has acquired the site for the planned southern district centre, at Mowden, in addition to a 70,000 sq ft superstore with 750 parking spaces the development will include five shops and a public house.

Retailing remains buoyant in the county's three other main centres of Corby, Kettering and Wellingborough.

The Commission for New Towns at Corby is considering refurbishment of the shopping centre which dates mainly from the 1950s and 1960s. Plans are also well-advanced for an Asda superstore on the site of the old blast furnace for the steelworks.

At Kettering, with its projected population growth, pressure is already building up for development in what is a relatively small central area. Work is underway on a 45,000 sq ft superstore.

In Wellingborough town centre a similar pattern is emerging with a number of projects expected to start over the next 12 months. Developers see scope for schemes to complement the 322,000 sq ft Arndale Centre opened in 1977.



The Grosvenor shopping centre, Northampton, an air-conditioned central complex which symbolises the former new town's development

PROFILE: DAVID WOODHALL

Overlord with local roots

For more than 20 years Mr David Woodhall was a key influence in shaping the development of Northamptonshire. He still has an important role, but now heads a body instrumental in pushing through the Government's privatisation policy.

A smiling, affable man he is the chief executive of the Commission for the New Towns, one of Britain's biggest landowners and landlords, but charged since 1979 with seeking an orderly disposal of its industrial and commercial assets to the private sector.

In April, he took over 1,000 acres of development land and 350,000 sq ft of factories from Northampton after the disbandment of its development corporation. He already had responsibility for shops, offices, factories and land in Northamptonshire's other former new town, Corby.

The issues that face Northampton and Corby are known to him personally, and not merely because he has offices and representatives in each of the towns. Mr Woodhall was appointed chief planning officer of Northamptonshire County Council in 1971—at 36 he was the youngest in England. The top planning job followed eight years' experience with the county.

Further promotion came in 1980 when Mr Woodhall became assistant chief executive of the county, the position he left to take over at the Commission.

Mr Woodhall, now 50, left school in Doncaster at 16 to take a job with the West Riding County Council and then the Cumberland local authority, but he values particularly the experience gained in Northamptonshire. He smiles: "As a Yorkshireman I have to admit it is a



David Woodhall, chief executive, New Towns Commission

fine county and I have been proud to be associated with its development.

The role of the Commission in Northampton and Corby provides good illustrations of how its functions have developed since it was first set up in 1962 charged with taking over management of the new towns once expansion was nearing completion.

Legislation in 1976 required the housing and related assets to be transferred to local authorities leaving the Commission with a prime responsibility for retail, office and industrial developments.

More significantly, the newly elected Conservative Government in 1979, as part of its commitment to privatisation, asked the New Towns Corporation and the Commission to sell off their industrial and commercial assets.

COMPANY PROFILES

Further expansion in pipeline

MFI

Northampton, making it one of the biggest local distribution centres, and it is now recruiting additional staff. Its growth has been fuelled through expansion into white goods, carpets and new lines of household products.

MFI has a network of stores in Britain and a limited franchise operation in Singapore. It expects to acquire about 50 new retail sites in Britain this year, often to replace existing outlets with larger ones. The average size of its retail premises has increased in the past few years from 19,000 sq ft to 31,000 sq ft and is still rising.

Northampton has been one of the most active trading areas for MFI due to the thriving local economy and the relatively young housing stock, which has attracted increasing numbers of new families in the right earnings bracket.

MFI employs 333 people in

Automated approach to growth

Black & Decker

showed that one highly computerised warehouse was the most cost-effective way of handling the increasing range of Black & Decker products. These include power tools for industry, DIY tools, and a range of household goods to be introduced soon, such as kettles and coffee makers, which will be mainly imported.

The company has annual sales from the UK of about £180m. This includes some exports to the Continent, which will continue to be shipped direct from the factories and will not go through the distribu-

tion centre. The total cost of the project is about £8m, although there are plans to double the warehouse size, depending partly on the success of the household products.

An extended centre would take up about half the site, leaving the remainder for further expansion.

The warehouse will operate with Dee PDP 11/73 computers interfaced with the company's mainframe installation at Slough, which handles order processing and distribution. It will be a "paperless" warehouse, in which orders will be transmitted from Slough for automatic assembly.

Parts of the warehouse will need no heating or lighting, as it will be mostly unmanned.

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Westgate	25,000 sq. ft.	St. Edmund's House	7,056 sq. ft.
Lotts Road	15,590 sq. ft.	Chancery House	5,626 sq. ft.
Westgate	6,567 sq. ft.	Oxford House	3,230 sq. ft.
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The River Nene is one of the county's main recreational assets

Belated action for a leisure laggard

Tourism

NORTHAMPTONSHIRE has realised belatedly that its historic houses and countryside are a valuable potential tourist business.

The revised draft of the structure plan under discussion acknowledges that policies on tourism development have never been included. The county also lags behind its neighbours in the East Midlands—Leicestershire, Nottinghamshire, Derbyshire and Lincolnshire.

The latest figures available (for 1979) show Northampton-

shire bottom of the group for tourist spending (£19m), rate of growth of tourist employment over three years (12 per cent), and total tourist employment (3,400).

An "action plan" for tourism was given the go-ahead earlier this month but things were slow to start to happen. The Northamptonshire Enterprise Agency, a joint venture between local authorities and the private sector, has appointed a tourism manager, Mr Rupert Dingle.

He has a successful track record having helped build up the Rockingham Forest Tourist Association, a pioneering project by local authorities and the private sector in the north-east of the county under which hotels, pubs and leisure operators combined to promote the area.

Mr Douglas retains responsibility for that association and for Northamptonshire Farm Holidays, a group of farming families who offer farm-based accommodation both to the holidaymaker and business traveller.

The enterprise agency has set up a company, Northamptonshire Tourism, with flexible powers of operation, and an advisory panel with experience in the tourism business is likely to be set up.

The county council plan identifies key areas for action. On promotion there is need for a corporate image, brochures and publicity material, additional tourist information centres, central booking and provision of weekend breaks and special packages. Also highlighted is the need for a new quality hotel and for the development and expansion of existing facilities.

Planners point out that, while public funding averaging £35,000 was needed to create each job under the Government's assisted areas measures, one tourism job in the East Midlands cost about £4,500.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Bulmer seeks new sparkle

The UK cider maker is under pressure and is rushing to diversify. Lisa Wood reports

FOR THE second year running H.P. Bulmer, the Herefordshire cider maker, is making an unusually rigorous review of the price it pays to its local suppliers of bitter sweet cider apples. Last year, for the first time, the company actually cut the price it paid to a substantial number of them.

This is just one of the changes that has taken place in the past year inside this family controlled business. In the past it could afford to take a somewhat paternalistic attitude towards its loyal growers. But a stiffer market and falling profits—the company this week reported pre-tax profits at £7.5m for 1984-85 compared with £16.1m in the previous year—are compelling the company to prune its production costs and accelerate its expansion into new markets such as soft drinks and wines and spirits. And, it hints, it may be in the market for an acquisition in another food-related sector or even the food business.

Fierce battle

"The sensible strategy now is to find other profitable areas for our business so we can stand knock in the core cider activity," says Mr John Rudgard, managing director of the UK Drinks division. Cider currently accounts for about 80 per cent of the company's profits; the aim is to grow the other businesses so they make up to 50 per cent.

The fortunes of Bulmer, whose brands—including Strongbow and Woodpecker—have around 50 per cent of the UK cider market, rose in the early 1980s when sales were growing by 20 per cent a year. A key factor was the installation of cider in kegs in public houses; the number of such outlets doubled between 1979 and 1982.

But Bulmer's market share peaked at about 54 per cent in 1982, as success brought its own problems. Major brewers began to introduce their own brands into their own outlets putting Bulmer, which owns almost no pubs of its own, at a disadvantage. Cider brands owned by major brewers include Taunton, owned by a consortium

including Bass, Courage, Scottish and Newcastle Breweries, and Coates Gaymer, owned by Allied Lyons, the food and brewing group.

Meanwhile, in the off-licence trade, the growing market attracted imported products from cheaper "own label" drinks to premium ciders from Normandy. Most important, Bulmer had to face the fact that leading supermarket chains and other major retailers, with their ability to squeeze profit margins, had become increasingly important customers. The battle of the supermarket shelves is as fierce as any the company has had to face.

At the same time the whole cider industry received a body blow from the Chancellor of the Exchequer: duty on cider has been raised by 93 per cent in just over two years.

"A pint of cider can now cost more than a pint of beer in a pub," says Mr Rudgard, who is currently trying to glamorise the image of his product so that the image fits the price. Recently, for example, he considered pink cider but the idea had to be abandoned because he could not get enough of the right kind of apples.

The company was pushed into action by a 22 per cent fall in Bulmer's overall pre-tax profit for the half year to last October. The 1,600 workforce has been cut by 300 and a £1.5m investment in new production techniques, including robotic handling of kegs, has been accelerated. "We are the first company in the drinks industry to use robots," says Mr Rudgard proudly. "We cannot improve profit margins by pricing up so there is a premium on reducing production costs."

The plant is being reorganised to improve efficiency and make computerisation is on the cards. "The implications are still fewer jobs in the future," says Mr Rudgard.

In seeking to introduce new brands of cider the company may also in the future be able to utilise its 280-odd old oak storage vats which were at first sight to be museum pieces. They hold up to 60,000 gallons of cider each—a minute



Bulmer's various brands of cider account for 80 per cent of its profits; by developing new businesses, including Orangina, it plans to cut the rate to 50 per cent

amount compared with the glistering new storage tanks elsewhere on the site, one of which holds 1.65m gallons. "As we introduce new and different blends of cider the old vessels will become more and more useful," says Mr Rudgard.

But Bulmer is looking well beyond cider and in particular at soft drinks. This market is currently undergoing something of a transformation, with manufacturers targeting an important consumer—the adult. Traditionally soft drinks manufacturers have focused on children and the competition has been cut-throat on the High Street. But with more adults today tempering their alcoholic drinking with soft drinks and demanding more variety, manufacturers have found that by introducing more sophisticated flavours they can charge a premium price.

Added value

Last month Bulmer announced it was to distribute Orangina, France's best selling soft drink, with an option from Pernod Ricard to manufacture the fizzy drink with its real orange ingredients should it prove successful. "Our new soft drinks strategy will take us into the market for added value products," says Mr Rudgard. Bulmer already distributes and markets Perrier, the leading mineral water brand in the UK (it claims 60 per cent of the market) and here too there are more oppor-

unities. As an example of added value products, Mr Rudgard cites Perrier's own U.S. test marketing of the product with a hint of flavours such as lemon. Obviously the product costs the consumer more—and makes more profit.

A fundamental shift in strategy is also occurring in Bulmer's wine and spirits subsidiary, Dent & Reuss, which in the past has concentrated on quality brands, such as Pol Roger Champagne, with high profit margins but limited sales. In a bid to improve sales volume Bulmer says it is now prepared to go for more popular brands with reduced margins. But it is a path that the company recognises could be perilous, with many other companies in the same business achieving sizeable market share but limited profits.

Bulmer has also struck out abroad in the last few years. Its most recent acquisition was Red Check, a U.S. apple and apple juice business, which Bulmer hopes it can use as a platform to expand its sales in the U.S. Previous attempts to sell its cider there have failed.

"Part of the current strategy is to acquire more abroad," says Mr Rudgard. "We would be prepared to strike out into certain sectors of the food market if there appeared a logical fit with our current businesses. But we are probably looking more closely at drink related businesses. Transferable skills are vital."

WHEN Hans-Harald Grebe talks about "his" companies, he means it; he has even bought out other interests to give himself 100 per cent control with no one to say to him nay. But even if he had shareholders they might find it hard to complain about his management—sales have grown 517 per cent to DM 103m (£26.5m) in nine years.

On top of that, by combining acute technical development and some UK help on international marketing, he is beginning to go global with a sense of purpose that might impress even Solchiro Honda. Grebe's companies make industrial paint—not the home-decorator stuff of DIY shops, but the technologically advanced, high performance coatings that go on manufactured products. They now have 10 per cent of West Germany's market in the sector.

When he became chief executive of Weiburger Lackfabrik on his father's death in 1974, he was not even 30. Three years ago he bought Germany's oldest paint company, the ailing, asset-stripped, 175-year-old Schramm Lacke in the Frankfurt suburb of Offenbach, a fast hour down the autobahn from Weiburg where Germany's first King was crowned. He turned it round in a year.

Grebe says the key to progress has been tight niche management—identifying market segments initially too small to be worth a paint giant's time, developing advanced products for them in order to steal a march on everyone else, and then marrying technical and marketing management to push for customer-oriented sales growth.

The fragmentation of paint markets into ever-specialised segments—a process that has accelerated with tighter margins during recession—has been perfect for this strategy; although Weiburger's competitors in various segments may be giants such as PPG, Dupont, Hoechst, ICI or BASF, it has successfully played David to any of their Goliaths.

The advantage of not being a public company has been that no one has been able to pressure Grebe to make profits during what have been lengthy periods of product development.

He says: "Private ownership means we can spend two or three years on a niche without having to worry about profits and what the stock markets think of us. If you find the right niche and attack it properly you can then take that niche worldwide."

Grebe's main worry about doing so, however, has been his belief that while Germans can be technically they are deficient on general and marketing manage-

Industrial paints

Outsmarting global giants

Ian Hamilton Fazey on the "niche" strategy of a small West German coatings company



Hans-Harald Grebe (left) with Dr. Klaus Reucker, technical manager of the Group's Schramm Lacke company

ment—areas in which he believes British managers are among the best. This accounts for the presence of Tim Rand, 38, in his group, who impressed Grebe when selling against him in the 1970s.

Rand is managing director of the expanding, Warrington-based Weiburger UK and is the group's key man on export development. He and Grebe started new operations in the U.S. in 1983, Brazil in 1984 and South Africa last year. China, Japan, Hong Kong and Taiwan are now opening up joint ventures or licensing are likely in all export markets.

But how does Grebe's approach to management work in practice?

The European Coil Coaters' Association—its members paint coils of steel or aluminium sheet by unrolling them, roller coating them on automatic paint lines, baking the coatings to cure them in minutes, and rolling the metal up again.

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ownership in international paint markets and has rejected all offers.

He says: "We build up relationships directly with our customers. Big competitors don't have time for personal input at senior level. The contact happens down the line, Tim and I do it ourselves. It's all part of successful niche management."

Another key factor is the way technical staff are deployed. (They account for 70 out of 490 total staff.) They are not allowed to work in ivory towers. Grebe says: "We put lab people into relationships with customers. The R and D man sees the work he does on a product is carried right through to the marketplace. We get technical people out. This leads to high motivation among them. People identify themselves with the product and the customer."

He adds: "The long term strategy is always to be innovative, to take long-term thinking into the marketplace, and see a coating not as something merely decorative or anti-corrosive but as a substantial part of the product. We are prepared to spend a lot of money making the market understand this. We always try to do a cost-benefit analysis for the customer. We always try to ensure that our customers get a good return on investment."

Rand reckons one of the group's most effective approaches is its marketing technique whereby the concept behind a paint is sold to the potential end user, not to the buyer who is going to use it in manufacturing.

All of these factors have led to the group's latest product, a paint called "Soft Feel." Sprayed on to injection-moulded plastic with a "grained" appearance, the paint makes the plastic look and feel like real leather. A perfume is being worked on at Weiburger to make it smell like it too.

Schramm is already in at Volkswagen with the new paint, Ford in Berlin is trying it and talks are taking place with Ford in the UK.

The market segment under attack is the use of plastic laminates on car interiors. Grebe says that Europe's largest paint-maker, Hoechst, which has a major production facility 50 metres from Schramm's front gates, would have no incentive to develop such a paint since it already dominates the laminates market now threatened.

Grebe says: "We spent nearly three years on Soft-Feel. We can take this product into furniture, radio, TV, and desks. Did you know that secretaries complain of bruising their knees on modesty boards? This will stop that. We expect to take market share too from injected foam."

ELF AQUITAINE IN 1984

Annual Stockholders' Meeting held may 30, 1985

Petroleum

In 1984, oversupply and reduced demand led to declining dollar prices. OPEC withstood sharp internal divisions which arose and which have continued, but was not able to counter moves to cut prices as in the past. Others, particularly North Sea producers, have become increasingly important on the international scene.

With regard to exploration and production, 1984 was a very good year for ELF Aquitaine. Both production levels and quantities discovered were greater than in 1983. Also, the appreciation of the dollar, although raising exploration costs, clearly increased income from production.

Refinery and marketing operations posted losses unchanged from the high level of 1983.

The continuing slump in the overall consumption of petroleum products has shown a slight improvement in major countries. Consumption of heavy fuel oils, however, is down sharply in all countries. France is one of those most seriously affected and refinery operations face major problems adapting to the constantly falling demand.

The formula automatically determining the price of fuels and domestic fuel oil continued to be applied, but the French government intervened to limit its effects. The service station price war significantly worsened in 1984.

Chemicals

The strong recovery which began in the second quarter continued throughout most of 1984. This good overall economic situation was also a profitable one. In 1984, Atochem sales exceeded FF 19 billion, a 14% increase over 1983 on a comparable basis. Resources provided by operations totaled FF 750 million, whereas in 1983 a deficit was shown.

Restructuring of ELF Aquitaine's chemical operations was begun in October 1983 and continued through 1984. In November 1984, the Group announced the formation of two operational management structures: Atochem for fine and specialty chemicals (excluding biochemicals) and Sanofi for biochemicals.

United States

ELF Aquitaine Petroleum extended undersea mining operations and Texasgulf's sales of phosphate treated products increased 19% compared with 1983.

Consolidated highlights

- Sales: FF 177 billion compared with FF 134 billion in 1983. This 32% increase is due mainly to the consolidation of Atochem sales over one complete year.
- Resources provided by operations (after deducting costs of unproductive exploration): FF 21.7 billion compared with FF 16.6 billion in 1983.
- Investments: FF 14.7 billion, unchanged from 1983.
- Net income (attributable to stockholders of SNEA): FF 6.5 billion compared with FF 3.7 billion in 1983.
- Net income per share (taking account of new shares issued with rights at the beginning of the year): FF 65 compared with FF 41 in 1983.

Parent company highlights

- Net income: FF 2,437 million, compared with FF 2,270 million in 1983.
- Net dividend per FF 10 par value share paid on new and existing shares: FF 13.50 (plus tax credit of FF 6.75), compared with FF 12 (plus tax credit of FF 6) in 1983.

Payment is to be made on or after June 28, 1985.

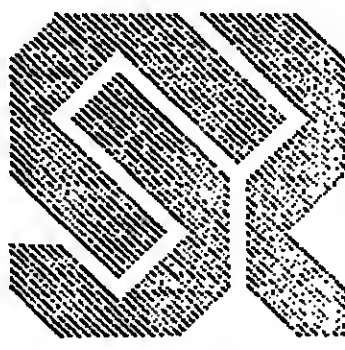
The Annual Stockholders' Meeting appointed Louis Astre as Director for the remaining term of office of Mr. Pronteau, recently deceased.

Extraordinary Meeting of Stockholders

An Extraordinary Meeting of Stockholders, held following the Annual Stockholder's Meeting, authorized the Board of Directors to grant options on the purchase of ELF Aquitaine shares to personnel in the Parent Company and Group.



société nationale
elf aquitaine



SAFREN

SAFMARINE & RENNIES HOLDINGS LTD.
(INCORPORATED IN THE REPUBLIC OF SOUTH AFRICA)

DIVIDEND ANNOUNCEMENT
DECLARATION OF FINAL DIVIDEND FOR THE
FINANCIAL YEAR ENDED 30 JUNE 1985

In order to give effect to the dividend arrangements set out in the offer by this Company to acquire ordinary shares in Kersaf Investments Limited dated 28 June 1985 ("the offer"), it has become necessary for this Company to declare its final ordinary dividend in respect of the financial year ended 30 June 1985 in such manner that this dividend be payable to shareholders registered at close of business on the closing date of the offer, namely 19 July 1985.

Accordingly notice is hereby given that a final dividend (Dividend No. 2) for the year ended 30 June 1985 of 50 cents per share has been declared payable to ordinary shareholders registered in the books of the Company at the close of business on 19 July 1985. Dividend warrants will be posted on or about 11 October 1985. (Interim dividend No. 1 of 26 cents was declared on 1 March 1985.)

Non-resident's tax at 15 per cent will be deducted from dividends to shareholders who reside outside the Republic of South Africa. Shareholders are hereby notified that the Company's unaudited financial results for the year ended 30 June 1985 will be announced on or about 10 September 1985 while the Annual financial statements will be posted to shareholders on or about 27 September 1985.

By order of the Board

C D N STEVENS
Secretary
Transfer Secretaries:
Central Registrars Limited
3rd Floor
154 Market Street
JOHANNESBURG 2001.

CAPE TOWN
5 July 1985

Postal Address
P.O. Box 4844
JOHANNESBURG
2000.



SAFREN

Registered Office: 1100 BP Centre Thibault Square CAPE TOWN 8001

Directors: G.A. Macmillan (Chairman & Chief Executive), C.W. Ficklan-Green (Deputy Chairman and Deputy Chief Executive), L.G. Abrahamson, J.E. Aspin, W.F. de la Hock, F.J. Davin, G.W. Dunningham, M.J. Finlay, N.M. Forster, O.A. Hawton, S.L. Muller, D.K. Newbagg, E. Steyn, A.E.G. Trollop, J.G. van der Horst.

* British

APPOINTMENTS

Gill & Duffus reorganisation

Following news that the offer on behalf of Dalgely to acquire GIL & Duffus Group have been declared unconditional, GILL & DUFFUS GROUP has made the following board changes: Mr D. C. F. Pearson, Mr D. H. L. Hopkinson and Mr M. D. Martin have resigned from the board. Mr G. T. Fryer, chief executive of Dalgely, has been appointed as director. The resignations are in accordance with the intentions stated in the chairman's letter of June 18 which was contained in the offer document.

ERISSON INFORMATION SYSTEMS, the UK subsidiary of the Swedish Ericsson Group, has appointed Mr Richard Rowe its company secretary. Mr Rowe has been appointed company secretary of the five companies within the Ericsson Programmatic Group and of Ericsson Network Engineering.

Mr The Covington has been appointed the managing director of HOTCAN.

The following changes to the board of **BRITISH MANUFACTURE AND RESEARCH CO.** have been made: Mr M. Funk has been appointed chairman of the board following the retirement of Mr L. E. Appleton. Colonel A. Martin has retired.

Mr Peter Duggan has joined **PRIVATBANKEN** as head of the bank's international department. He becomes an associate director. Other associate directors are Mr John E. W. Smith, Mr Peter Jensen and Mr Martin Lister. Mr Henrik Bjørn becomes deputy head of the bank's international department responsible for financial institutions.

Mr F. L. Sanderson has been appointed to the board of J. H. MINNET AND CO. He will also become managing director of the marine division.

Mr Alan Gunner has been appointed finance director of **HORNSEA WIRELESS (GB, TAIL)**. Mr Gunner has joined Hornsea after five years with the Burton Group where he was financial controller of Dorothy Perkins. Mr Alastair Ritchie has been appointed to the board of REDFERN NATIONAL GLASS as non-executive director. Mr Ritchie will be retiring from the board on July 31 and will remain a consultant. Mr Peter G. Redfern will resign from the board on the same date due to ill health.

CONTRACTS

£1.5m defence work for Racal SES

Orders worth £1.5m from the UK and another NATO country, for **CLASSIC** remote defence sensors have been won by **RACAL SES**. In the UK, the **CLASSIC** system is being developed by the Ministry of Defence, (Procurement Executive), following a competitive evaluation. They will be used by the Army in many areas for target identification. **CLASSIC** (Covert Local Area Sensor System for Intruder Classification) is designed to detect an enemy's movements in areas screened by terrain from the air. It is a modular system and in its basic form consists of a sensor and a handheld monitor. Seismic passive infrared and other sensors may be used with each monitor — the sensors being hidden at strategic points up to seven kilometres (4.3 miles) away from the target. The **CLASSIC** system will form the foundation of the company's development of administrative

processing from central mainframe to local micro. Sales representatives at the branches will be able to provide instant quotations and policy information.

CHARLES WINN (VALVES) of Birmingham (a Delta Group subsidiary) has won a contract worth more than £250,000 involving high-performance butterfly valves for Marathon Oil's Brae "B" North Sea platform. The receipt of the Marathon contract follows orders worth more than £200,000 to supply similar fire-saver valves for Total Oil's North "A" and "B" platforms.

Thomas Cook has placed a second order with **MICRO SCOPE** for an additional 100 Videogate branch controllers, worth £250,000. Implementing Prestel Gateway 225 protocol, Micro Scope's branch controllers provide access to a range of network services. Each branch controller supports a maximum of 32 ports, although Thomas Cook branches in Berkeley Street, London as well as those in Manchester and Birmingham, have two branch controllers providing up to 50 ports to cope with the additional demands in these areas.

NEIL AND SPENCER has obtained orders to a value in excess of £200,000 for the supply of laundry machinery to a leading Australian linen supply company. The equipment, virtually all of which will be manufactured within the group's UK and Belgian facilities, will be delivered over a period of 18 months.

CREDIT IMMOBILIER ET HOTELIER

KUWAITI DINARS 4,000,000 GRADUATED RATE GUARANTEED BONDS DUE 1989

In accordance with Clause 4(A) of the terms and conditions of the above bonds, the holders of the said bonds are informed that the bonds bear the following serial numbers have been called for redemption at par on 15th August 1989:

BONDS OF KD 5,000 EACH											
15-20	41-45	66-70	101-105	126-130							
176-180	201-205	226-230	251-255	276-280							
301-305	326-330	351-355	376-380	401-405							
426-430	451-455	476-480	501-505	526-530							
551-555	576-580	601-605	626-630	651-655							
676-680	701-705	726-730	751-755	776-780							
The payment will be made against the surrender of the coupon and the return of the coupon stubs appearing thereon, to the agent or to either one of the paying agents whose addresses are set out below. The face value of the missing unmatured coupons is deducted from the bonds of KD 5,000 each at the time of payment. The value of any missing unmatured coupon will be paid against sale of the relative coupon within a period of 12 years from the payment date in respect of which the coupon is missing. The value of the coupon stubs shall have become void under condition 7.											
The annual interest of USD 15.81865 will be paid as usual, in											

THE ARTS

Arts Week

F S Su M Tu W Th
12 13 14 15 16 17 18

Opera and Ballet

LONDON

Royal Opera, Covent Garden: The closing week of the Royal Opera season contains just two performances - Macbeth, with Bruns and Dimitrova conducted by Edward Downes, and the dim new production of Rossini's Donna del Lago, with Frederica von Stade inadequately equipped (despite lovely moments) for the title role, and Marilyn Horne in blowy form as the travesty hero.

PARIS

Le Barbier de Séville, conducted by Hans Graf, Alceste sung by Doro Raffanti/Noel Velasco, Rosine by Suzanne Mentzer, Figaro by Patrick Rahery and Basilio by Ruggiero Raimondi. Opéra Comique (296 0611) Robert le Diable alternates with Soirée de Ballets and with Tosa. Conducted by James Conlon with Raina Kabeivaska in the title role and Giacomo Aragall in that of Cavaradossi. Paris Opéra (286 5022).

NETHERLANDS

Amsterdam, Shafly Theatre (Kaisersgracht 324). Solo dance programme by Laurie Booth (Tue to Thur). (231311).

SPAIN

Madrid: Teatro de la Zarzuela. Top Spanish tenor Plácido Domingo in Othello, conducted by Luis Antonio García Navarro, artistic director Piero Fagioni (Mon); Plácido Domingo will also perform Othello at the Vicente Calderón football stadium (Thur) (221 8510).

NEW YORK

New York City Opera (NY State): The Mikado, Carmen, La Rondine, Lucia di Lammermoor and La Cenerentola start the ambitious 20-week repertory of the company's 41st season. Lincoln Center (870 5380).

New York City Ballet (Saratoga): Mixed programmes including Afternoon of a Faun, Firebird and Gershwin Concerto in the company's three-week residence. Saratoga Springs NY (518 587 3330).

WASHINGTON

Kabuki Meida (Terrace): Before the arrival of Grand Kabuki on its American tour, this Japanese version of Euripides is presented by the American National Theatre and Wisdom Bridge Theatre. Kennedy Center (254 9893).

Exhibitions

SPAIN

Madrid: Palacio de Cristal and Palacio Velázquez. Parque del Retiro. Spanish sculpture 1900-50. Sculpture and drawings by Picasso, Miro and contemporaries. The selection includes two works featured in the 1937 Paris exhibition, at the height of the Spanish Civil War, and now shown in Spain for the first time: Picasso's *Femme du Vas* and Julio González's *La Montserrat*. Ends July 30. (274 7775).

Santander. Santillana del Mar. The splendour of pre-Colombian culture. Gold exhibits from the Quimbaya Treasure. Fundacion Santillana. Torre de don Borja. Ends Aug 30. Santander. Paintings and sculpture by modern Spanish artists. Antonio Lopez, Andreu Alfaro, Antonio Saura, Eduardo Chillida. Fundacion Marcelino Botin, Santander. Ends Aug 8.

ITALY

Florence: Museo Archeologico (Piazza SS. Annunziata) - The Etruscan Civilization. This is the first of a long series of exhibitions to mark The Year of the Etruscans, and shows the results of the most recent research into the Etruscan world. A useful history of this civilization, its birth, development and decline. Ends Oct 20. Rome, Palazzo Venezia: Five Centuries of Music Publishing in Europe.

organized to mark European music year, and the fourth centenary of the founding of the Academy of Saint Cecilia, whose library has provided the bulk of the fascinating material. The time span and the number of manuscripts (and paintings) is enormous (roughly one room per century), but a useful shortened route has been provided through a series of attractive arched pavilions, containing the cream of the music publications of each period. Ends July 31.

Rome, Villa la Farnesina (Via della Lungara 30) and Calcografia Nazionale (Via della Stamperia 6). Raphael Invented: A large collection of prints of exceptional quality by Raphael's followers and admirers, from the earliest by Marcantonio Raimondi, done in Raphael's workshop, to the late 18th and early 19th centuries. Particularly interesting is the first section (containing mainly 18th century works) in the Villa Farnesina, where one can compare the prints with Raphael's glorious original frescoes in the loggia. The second section, in the Calcografia, contains mainly later prints of the frescoes from the Stanza della Segnatura in the Vatican. Ends July 30.

SWITZERLAND

Martigny. Fondation Pierre Gianadda: 250 Klee paintings in the striking modern gallery built over the Roman ruins of the city of Octodurum. Ends Nov 3. (026/238 78).

LONDON

The Tate Gallery: Francis Bacon. Britain's greatest living painter accorded the rare distinction at the age of 78 of a second full retrospective exhibition at the Tate, 20 years after his reputation as an artist of world standing was first put beyond all doubt. Now we see him no longer as a unique and extraordinary figure, but as an artist who has come at last to his own, as younger painters have come round to the human figure as the central, creative preoccupation. As the subject matter is now more acceptable, so his peculiar and tormented re-invention and reconstruction of the figure no longer shocks. Ends Aug 18.

PARIS

Renoir: An important exhibition of the most sensuous of the impressionist painters, who never tired of glorifying the nude feminine body capturing the light, comes to Paris from the Hayward Gallery, London. It consists of some 125 paintings and 50 drawings, including *Le Bal du Moulin de la Galette* and *La Danse à Bougival*. Grand Palais, Closed Tue. Ends Sept 2 (261 5410).

Corot to Picasso. The range of French 19th and 20th century masters assembled by the art merchant Robert Schmit comprises an important Debas pastel *La Conversation* and a Van Gogh, unusual both for technique and the theme of the Seine.

On the first floor the sunshine comes in with Vuillard, Bonnard and Dufy. Picasso's *Large Bust of a Woman* faces an equally large Braque still life. There is a dream-like Balzac landscape and a strong blue, red and white one by De Staël. Galerie Schmit, 296 rue Saint-Hippolyte (260 3650), closed Sun and from 12pm-5pm. Ends July 20.

Robert and Sonia Delaunay: for the 100th anniversary of their births, his in Paris and hers in the Ukraine, a retrospective of some 300 objects, paintings, drawings and decorative projects brings to life their joint pictorial adventure. Whether exploring abstract painting or disarticulating Eiffel Tower images, their colours are vibrant, their *jeu de verre* explosive. Musée d'Art Moderne, 11 ave du Président Wilson. Closed Mon, Wed late closing. Ends Sept 8.

Perfume: An enchanting exhibition in praise of perfume assemblages of objects, mostly phials, bottles and perfume fountains from the 15th to the 19th century. Some were made of Venetian porcelain, others of Bohemian cut glass or from gold and enamel in England. There are silver pomanders with petals opening up and Chelsea china statuettes. They all show exquisite workmanship and some of perfume's power to beguile. Le Louvre des Antiquaires, 2 Place Palais Royal. Ends Sept 15.

WEST GERMANY

Munich, Staatsgalerie modern: German Kunst. Prinzregentenstr. 1. German

Art since 1900, 200 paintings, prints and drawings by 13 artists from the private collection of the German Prince Franz of Bavaria. Among them: Bouys, Richter and Kiefer. Ends Sept 15.

Enden, Ackhusen-Gesellschaft, Rathaus am Delft: To honour the late Franz Radziwill on the 90th anniversary of his birth. Ends July 28.

Bonn: Rheinisches Landesmuseum, Colmantstr. 14. 5300. Fairy-tales, Myths, and Monsters. 43 works by 22 European artists, among them Messager, Paladino, Schmalz, Taffore and Wavrin. Ends July 28.

Cologne, Schüngel Museum Cäcilienstrasse 28: Gothic Art from Bohemia, 60 masterpieces from between 14th and 16th century loan from the National Gallery, Prague. Ends July 21.

BRUSSELS

Hotel Metropole is celebrating its 90th year and in its splendid *fin de siècle* public areas, worth a visit in themselves, they are exhibiting glass and objects d'art from the Belle Époque to Art Nouveau including works by Wouters, Gallé and Daum. Also on show are a collection of illustrated menus including a French menu in 1880, Congo in 1888 and

Sarah Bernhardt in 1898. Ends July 28.

Opera costumes from 1893 to the present including Zeffirelli's Rigoletto, Boquet's Traviata and Karl Ernst Herren's Clemency of Titus. Musée de Costumes et Dentelle. Until November.

Tony Crag - a major exhibition of one of Britain's contemporary sculptors. Palais des Beaux Arts. Ends July 28.

VIENNA

Vienna 1870-1930: Dream and Reality: The greatest names of the Viennese fin-de-siècle - Klimt, Otto Wagner, Schiele, Kokoschka, Adolf Loos, Josef Hoffmann - in a dazzling display of Jugendstil creative genius. The attempt to integrate the artistic achievements of this era with philosophical developments (notably Wittgenstein but also Freud) and political transformations (the emergence of municipal socialism in the ruins of Baroque splendour) is ambitious and only partly successful. The complex tension between aesthetic and historical reality on the one hand and the illusions or fantasies of individual artists on the other is hinted at but not fully explored. A high point of the show is a reconstruction of Hoffmann's room at the secession exhibition of 1902. Here, triumphantly restored, is Klimt's fifty-foot Beethoven frieze depicting humanity's progress through suffering to joy of the theme of the Ninth Symphony. Displayed exactly as in-

tended, this alone is worth a special visit. Kunsthistorisches. Ends October 8.

NEW YORK

Metropolitan Museum: 30 objects from the period between the 1851 Crystal Palace Exhibition to the 1900 World Fair in Paris demonstrate the show's theme of Revivals and Explorations in European decorative arts. Ends Sept 5.

WASHINGTON

National Gallery. Ancient Art of the American Woodland Indians includes 151 pieces covering 3,000 years of sculpture, ceramics, copper and shell objects of the native Americans who lived in what is now the eastern half of the U.S. Ends Aug 4.

National Gallery (West Bldg): 36 old master paintings from the Dulwich Picture Gallery are exhibited under the title *Collectors for a King*, including works by Rembrandt, Van Dyck, Canaletto and Gainsborough. Ends Sept 2.

CHICAGO

Art Institute: Though Edouard Manet made etchings primarily to reproduce and publicize his paintings, he developed a unique style as shown in the 27 etchings in this special exhibit of more than a third of his total output of 75 etchings. Ends Sept 2.

Theatre

LONDON

Noises Off (Savoy): The funniest play for years in London, now with an improved cast, since Michael Blake's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (838 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollercoasting folky has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disenchanting, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (364 8164).

On Your Toes (Palace): Rodgers and Hart's 1938 musical is a genuine tonic. American jazz dance collides with the Ballet Russes. Gems include *There's a Small Hotel*, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 8834).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Obach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Me and My Girl (Adelphi): Sleek, efficient and enjoyable revival of Briton's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (836 7811).

The Government Inspector (Olivier): Striking but unfunny revival with under-equipped TV comic Rik Mayall playing the posur as a shrewd nose-picker. Richard Eyre's production for the NT lacks either comic tension or true delirium but, with John Gutter's imposing design of bureaucratic bunnies, the show has a sort of monumental starkness as well as nightmarish tedium. New translation by Adrian Mitchell. (226 2252).

Barons (Victoria Palace): Michael Crawford returns to London with his breathtaking performance as the circus impresario, adding one or two new tricks in a likeable meringue of a musical. (834 1317, credit cards 828 4735).

Jampers (Aldwych): Confident almost sober revival of Tom Stoppard's glittering comedy of love, murder and linguistic mayhem among the logical positivists, with Paul Eddington a more earth bound George Moore II than was Michael Hordern. Felicity Kendal delightful as his retired musical comedy wife. Peter Wood directs. (836 8404, credit cards 379 8233).

Richard III (Barbican): Last year's Stratford-upon-Avon production with Antony Sher demagogically exciting as Richard in the RSC revival by E.A. Alexander. Plays in repertory with Roger Rees as Hamlet and Kenneth Branagh as Henry V. All worth seeing. (828 8795, credit cards 379 8233).

Freddie (Olivier): Entertaining epic new play by David Hare and Howard Brenton for the National Theatre in which an unscrupulous South African magnate acquires Britain's most prestigious newspaper. A Jon-

sonian satire on the grand scale with an irresistible performance by Anthony Hopkins as the colonial who penetrates the Establishment while a nation dithers. (828 2252).

Waste (Lyric): Deserved transfer to Shaftesbury Avenue for the RSC's fine Harley Granville play about a politician ruined by sex scandal. Daniel Massey and Judi Dench head John Barton's production. (437 3886).

Breaking the Silence (Mermaid): Another RSC transfer, of Stephen Poulton's account of his family's emigration from post-Revolutionary Russia. Alan Howard succeeding Daniel Massey alongside Jenny Agutter. Ingeniously set in an Imperial railway carriage. (238 5568).

The Mysteries (Lyceum): The theatre of Henry Irving and Joe Loss restored for theatrical performance after 40 years. Bill Brylce's NT production in three parts is not to be missed, one of the great events of recent years. All three shows played on Saturdays for this limited run. (879 3055).

NEW YORK

Cats (Winter Garden): Still a sellout. Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually stunning and choreographically false, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6282).

42nd Street (Majestic): An immediate celebration of the heyday of Broadway in the 30s incorporates gems from the original film like *Shuffle Off to Buffalo* with the appropriately brash and leggy hooty by a large chorus line. (877 9020).

Dreamgirls (Imperial): Michael Bennett's latest musical has become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (238 6240).

Brigthon Beach Memories (4th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

Sunday in the Park with George (Booth): Inspired by the Seurat painting, Stephen Sondheim fashions a musical with dots and dashes of song that end too soon but work well with Tony Straiges's pretty set and James Lapine's book which changes gears in the second act. (239 6283).

La Cage aux Folles (Palace): With some useful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (237 2628).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's touching and funny recollections as a drag queen add up to the best historic Sarah Bernhardt role on Broadway today. (844 9450).

WASHINGTON

Count of Monte Cristo (Eisenhower): The second production of Peter Sellers' new American National Theatre company is the James O'Neill version of this swishbackler. (254 3870).

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THE ARTS

Cinema/Nigel Andrews

Of Men, Machinery and Motherhood

The Princess directed by Pal Erdos

Return to Oz directed by Walter Murch

Careful, He Might Hear You directed by Carl Schulz

Bery Gordy's The Last Dragon

Even in the age of feminism, when women are learning to kick back as good as they are kicked, many films still revolve around that timeless icon, the persecuted damsel. The title heroine of Hungary's superb *The Princess*, written by Istvan Kardos and directed by Pal Erdos, is a 16-year-old girl (Erika Ozsda) catapulted into big city life. Here she learns the horrors of Men (she's dumped by one, raped by two more and breaks her engagement to a fourth), Machinery (the grinding tedium of textile factory work), and Unmarried Motherhood (she aborts a baby and then adopts a friend's only for the friend to smother it back and leave her desolate with grief).

This tale of adolescent disaster is shot in the most blizzardy black-and-white I have seen and seems at first like just another crudely cautionary fable of innocence deflowered. But it has compassionate credibility and freshness of vision that keep rushing in to rescue it like a dog with a rather barrel.

Erika Ozsda's beautiful ramshackle radiance—two sullenly defiant lips, two plum-deep eyes and a tousled sea of hair—roust our sense of déjà vu early on. And director Erdos goes on to capture the casual anarchy of teenage emotions: as desires blow hot and cold, and dreams spring up and die and spring up again almost overnight.

He also captures the plaintive, battered comedy of parents who do not understand their children's feelings (even though they felt exactly the same things themselves 30 years before). He can sketch with poison-dip pen the chill, courteous terror of an abortion clinic. And he can smack us with scenes of beautiful ambiguity, when we have to decide which way the film's subtle emotional breezes are blowing. It is a human comedy richly human, and comic, and richly touching. And Ozsda's performance is magical.

From the wizardry of Ozsda to the unwizardry of the new Oz. Forty-six years after Judy Garland frisked and carolled through Frank L. Baum's wonderland, Disney have sent a manned movie mission thither and found depressingly few signs of life.

At first the devastated look of the place—revisited by Dorothy (Fairuza Balk) on escape from electric shock therapy on Earth (I)—seems crazy and original. The Yellow Brick Road lies in faunted disrepair, resembling a bad stretch of the M1. And in the Emerald City, there has clearly been a freeze on infrastructure, causing cracked pavements, fallen pillars and petrified citizens. (Even the Cowardly Lion and his chums are turned to stone.)

So far, so witty and subversive. But when the film tries to bounce back into children's movie life from this sly wreckage, it doesn't begin to capture that first MGM rapture. As Dorothy masters her friends to fight the Grimsy of bad eggs Nicol Williamson (a talking rockface) and badder egg Jean Marsh (who has 100 changeable



Erika Ozsda—ramshackle radiance

beads in glass cases), Garland memories gang up on her and at least two of the new friends look merely like the old friends with a different label. Jack Pumpkinhead is a gangling stick-figure in a Scarerow. Tik Tok a squat, portly, Blimpish version of the Tin Man. The third of Dorothy's aides, the "Gump," has a cheerfully batty novelty—he's a flying sofa with param-front wings and moose-trophy head—but he spends too much of the movie falling apart and not enough coming together.

Fairuza Balk starts out a brave, pert heroine, trying to imprint on filmgoers' memories a name that sounds more like a ferocious obstacle at Almatree. But without Garland's charisma or Garland's tunes (this movie is songless) she ends up a bewildered tot in a Hiroshima of modelwork and special effects.

Walter Murch is the film's debut-making director, his past pedigree as Hollywood's top sound supervisor (*The Conversation*, *Apocalypse Now*) showing in some fine, hydra-headed aural effects. (Listen to the sinister rustle of Marsh's skirt and squeak of a hospital trolley.) But the normally dazzling photographer David Watkin shoots the film in pasty, overcast colours, as if this return to Oz was strictly off-season like a visit to Brighton in November.

Careful, He Might Hear You is one of those lavishly styled period Australian films (time, 1930s) where the Past seems not so much a foreign country as a different planet. The air is



Dorothy (Fairuza Balk) and friends from Oz

mysteriously golden in hue, sighing violins infect the ether, and the flower of the Australian acting industry moonwalk with high style and buoyant elegance as if short of gravity.

Chief moonwalker here is Wendy Hughes as sooty Cousin Vanessa, who appropriates our six-year-old orphan hero "PS" (Nicholas Gledhill, last seen as the young Douglas Jardine in *Bodyline*) from bumble cousin Lila (Robyn Nevin) in a custody battle and treats him to large

helpings of gracious living and high society. Of course PS can't stand all the piano lessons and good food and walnut furniture and wants to go back to the simple life. But we, the audience, certainly do not, and we win custody of the movie.

Directed by Carl Schulz, the film is substantial and sentimental; but it certainly is decorative. And it contains my favourite line in all Australian cinema: haughty Vanessa to over-assertive conjuror at a children's party: "I'm not interested in your opinion. Just pull a rabbit out of a hat." Not even Lady Bracknell surpassed that.

Last and least, *Berry Gordy's The Last Dragon* wins the 1985 award for clumsiest film title of the year. That title presents us with two opaque riddles before we have even begun. Who is Berry Gordy? Answer, founder of the Motown music empire. And who or what is the last dragon? Answer, one does not know even after seeing the film.

Is it perchance the young martial artist (Taimak) who vows to rescue a beautiful kidnapped rock singer (Vanilla) from the clutch of an evil impresario (Chris Murney)? Or is it the hairy, Rastafarian-style hit man he must conquer in the process (Julius J. Carry III)? Either way it is a long time between opening and closing time in this film; with little for your comfort but failing fists, smirking heroine and fumetti dialogue and sound effects strictly in the "Ooh aah khunk splat" vein.

Athalia/Sheldonian, Oxford

Max Loppert

The "Handel in Oxford" Festival that is this week unfolding in Oxford's halls and churches is designed to follow a famous precedent. In 1733, when Handel's operatic fortunes were at their lowest ebb, he was invited to Oxford to receive an honorary degree. To mark the occasion, a week of Handel concerts was organised, the climax of which came with the first performance of the oratorio *Athalia*, written expressly for the occasion. Wednesday's *Athalia* in the Sheldonian Theatre was, therefore, timed to recall the anniversary of the work's first performance. There is nothing inherently remarkable in the exact reproduction of milestones of this kind. Yet the occasion was special, because it produced an exciting account of a thrilling masterpiece—the first great English oratorio. Dean quite rightly calls it, a work whose roots in the Racine play and in the Handel opera join to create something new and unprecedented in musical history. One felt that all the performers—the Academy of Ancient Music and the Choir of New College, conducted by Christopher Hogwood—had been inspired by the conjunction of time, place, and music to give beyond their normal capacities.

The dramatic vitality of *Athalia* hits the listener from the start, and keeps up to the very end. Humphreys, the librettist, may have exchanged Racine's calm, perfectly ordered phrases for some rather dim rhyming jingle, but at least he retained the strong situations, and Handel rose to them with feverish appetite. Time and again one feels the musical dramatist cutting across conventional expectation to pierce to the core of scene and character. The good people are not plaster figurines, and the bad vibrate with complex resonance—of the latter the soprano title role, short in length but properly found in impact, is one of Handel's great examples. The sheer mastery of the score—its rhythmic variety, economy of instrumental colour, dramatic short-circuiting of aria forms—is astonishing.

The *Athalia*, Margaret Cable, provided one of the evening's memorable features: stepping

into the role at a very late stage, and not ideally suited to its tessitura, she delivered all her music with dark, proud conviction, abating keen phrases, making much of the words. The other soloists, all very sound—James Bowman, Anthony Rolfe Johnson, David Thomas—were rather generalised by comparison. Emma Kirkby as the noble Joabab sang surely and accurately in a rather slumberingly sweet manner. The choir was stronger on tone than words; in a ball of suitable size Mr Hogwood's command of all his forces seemed more certain than it has been elsewhere in the recent past.

A Radio 3 recording of the concert is scheduled for broadcast in the autumn.

The Philanthropist/Chichester

Michael Coveney

It is curious to see Christopher Hampton's 1970 "bourgeois comedy" revived at the Chichester Festival Theatre. Edward Fox in the Alec McCowen role of Philip, the dithering philologist given to anagrams and misunderstandings in a book-lined college retreat. Philip's academic chum Donald is trying to atter him from Celia towards La, a tactic with a finally cruel comic upshot. The two friends are first discovered in a famous opening scene in which a desperate student is outlining a terrible play he has written.

The echoes of Moliere has now been overtaken by premonitions of Simon Gray's *Butley* and David Hare's *Wetherby*; the first was the archetypal literate commercial comedy of the 1970s, the second a brilliant film elaboration of Hampton's Violence and dinner party juxtaposition. But *The Philanthropist* still glitters precociously and technically efficient even if Patrick Garland's production is not going to survive comparison with the original.

This, after all, is the play where a smug popular novelist suggests that masturbation is the thinking man's television—Jerome Sinden's youthful pugginess and matching pink tie and socks are merely vulgar where Charles Gray was authoritatively and stylishly grotesque; where the hero declares he is a man of no convictions... or at least thinks he is (Tom Stoppard's favourite line in contemporary drama); and where an anagrammatical enthusiasm is summed up in the concluding example of "imagine the theatre as real dissolving into 'I hate thee, sterile anagram'."



Edward Fox and Celia Imrie

but stalls to an embarrassing halt, opposite the unfortunately smiling postgraduate Celia of Laura Davenport.

His enunciation is both drawn-out and precise, a strange extension of his hand drawn hopefully through his rumpled golden-grey locks while the audience is fixed with a doubled-glazed stare that might not bargain a laugh out of them. This bartering is conducted on a bapahazard basis so that when a prop or a line is fluffed or a wobbling table

stiffly negotiated by his questing ramp any garnered laughter is accepted as welcome and legitimate. This is not the basis on which to conduct a serious comic performance.

The extended dialogues do not crackle as they should because the temperamental imbalance between a self and Philip is not right. Alan Tait's own stage design creates problems for the long sedentary dinner scene, where the wordless presence of Janet Behan's Liz goes for much less than it should.

A State of Affairs/Duchess

Martin Hoyle

Graham Swannell's quartet of plays that looks headily, not to say fastidiously, at marriage and then passes on with a wry move has arrived in the West End from Hammersmith's Lyric Studio.

The first recalls the Visconti episode in the Italian portmanteau movie *Boccaccio 70*. A husband's jaded sexual appetite is listlessly detested only when his wife resorts to role-playing in underwear and high-heeled boots. The second recounts the disruption of an afternoon adultery (an excellently grubby hotel room set from Tim Bickerton) when the mistress falls in love and reveals all to the wronged spouses. The theme is echoed in the third episode set in a pub forecourt. Allen has created a momentary infidelity to his wife. Instead of the hoped-for respect, he has

been thrown out. Two beery mates leeringly console before picking up a couple of sunbathers and leaving Allen to mope into his Scotch.

The final playlet presents us with the Moreton's Fork of marriage. On the one hand a bickering domesticity in a half-decorated kitchen ("I'll get round to it," he snarls defensively, one feels for the nth time), exhausted by the demands of child-rearing and wistfully fantasising about one's friends "having fun," on the other, the envied friends themselves, the wife shattered by her husband's departure with the children's nanny.

The message seems to be you can't win, especially with men who, whether well-meaning, self-indulgent or simply weak, leave the women to carry an eternal can.

black-ringed) of the giant panda.

Peter James directs these enjoyable sallies into the sex war. Sometimes tentative, sometimes bang on target. The war has no victors but plenty of losers, as the final play indicates. Possibly the best, its comedy free of gags but inherent in the young couple's desperate enchantment in the domestic, it sums up marriage in the husband's complaint: "Nothing ever happens... Something is missing. This can't be it."

Saleroom/Antony Thorncroft

Record for gold item

A gold font, commissioned in 1797 by the Duke of Portland from Paul Storr, sold at Christie's yesterday for £950,400, close to the tentative high forecast: such a unique item was almost impossible to value.

It was bought by the dealer Armitage. The font was used for the christening of the Duke's grandson and remained in the family at Welbeck Abbey. It is small but exquisitely carved with the figures of Faith, Hope and Charity surrounding it. The seller was Lady Anne Bentinck. It is unlikely that such an important piece of the national heritage will be permitted to go abroad.

The price was an auction record for an item of gold, but this is considered to be the finest work by a native goldsmith to appear on the market this century. Objects made of gold rarely appear in the saleroom, but in the same auction, which totalled £7,719,833 with only 4 per cent unsold, a rare William and Mary rat-tailed spoon and fork made of gold, by William Matthew in 1689, was also offered, making £51,840 to Spink, the London dealer.

In fact the sale was dominated by London dealers. Four William IV two-handled vase-shaped wine coolers by Paul

Storr, 1834, went for £31,000 when the dealer Kipman paid £26,160 for a set of four George II candlesticks, made in 1757 by Edward Wakelin (top estimate £15,000). How of Edinburgh paid £36,720 for a pair of George II butter shells by the other great name among silversmiths, Paul de Lamerie, and Armitage acquired two George II oval meat dish covers for £24,560, six times the estimate.

A record price for a water-colour by Gainsborough, £46,200, was paid by the London dealer Morton Morris at Sotheby's auction of English watercolours. It was a tiny sketch of a wooded landscape. The sale totalled £374,814, but 26 per cent was bought in, mainly because two Turner watercolours failed to find buyers.

An attractive work by Samuel Palmer, "A piper, shepherd boy and cattle at sunset," dated to around 1862, made £44,000 while a view by Turner of the Abbey of Bingen, looking towards the Bridge of Drusus, found a buyer at £26,400. It was painted during his tour of the Rhine in 1817. A portrait by Lawrence of Countess Czernin, probably drawn in Vienna in 1819, sold for £23,100, comfortably above forecast.

Arts news in brief

Opera 80 will take two new productions on this autumn, starting in Darlington on November 4, and ending in Street at the beginning of March.

Don Giovanni will be conducted by Opera 80's Music Director David Parry in his new translation of Mozart's opera, and *The Rake's Progress*, con-

ducted by Stephen Barlow and directed by Richard Jones. Both productions will be designed by Tom Cairns.

The Arts Council is awarding grants and bursaries of almost £24,000 to Michael Clark, Paul Clayden, Sitakumar, Nelson Fernandez, Lloyd Newson and the Theatre de Complicite.

"What's special about these Danish companies?"

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Friday July 12 1985

Catching up in Europe

DURING the past four weeks, the Financial Times has sought in a series of articles to look beyond the recent pessimism which has hung over Europe and to analyse its performance and prospects in a number of important sectors.

The picture, which has emerged is by no means all bleak. It is far less grim than Europe's harsher critics would allow, particularly when measured against the U.S. where many industries are starting to exhibit problems as the high tide of economic recovery recedes.

Europe remains competitive in many manufacturing industries which are mainstays of its prosperity. Companies which really understand their business, pay close attention to customers' needs and take a genuinely international approach to markets have survived profitably against the toughest U.S. and Japanese competition.

But Europe's strengths are predominantly in areas where it has long been strong. Companies which have achieved world-class positions have often built on foundations laid decades ago. Those which have adapted best to the new technologies have often done so from old-established business bases.

Stimulation

Europe has performed much less well in exploiting the new, the unfamiliar and the unpredictable. It is not just that it has lagged in growth industries such as computers and semi-conductors. It has also often been slow to latch onto the wider opportunities offered by the new technologies to create new types of activity and to do existing ones differently.

In the U.S. where barriers between established industries are crashing under the impact of technological change, and increasingly in Japan, such opportunities are embraced exuberantly. In Europe, they are often shied away from as threats or regulated almost out of existence.

Economic systems which prize security above risk, status above performance, are vulnerable. Today's technology-intensive economies are tomorrow's competitive survival kit. Too heavy a dependence on established companies and industries is a dangerous gamble when attacks from Japan and elsewhere on so many of Europe's traditional markets are being intensified.

Europe needs a more invigorating climate which will stimulate existing industries to deploy their resources more productively and enable new ones to flourish. Economic rationalisation, whether at national or a European level, of state-backed industrial "champions". Not only have such ventures proved disappointing in the past; they also divert resources from other competitors, particularly smaller ones.

Symbolic move on interest rates

THE GOVERNMENT'S decision yesterday to signal a small cut in UK interest rates was welcome and timely, even if the ambiguous way selected by the Bank of England to make its point in the money markets caused a certain amount of irritation among the clearing banks. Of course, the 1 per cent point reduction in bank base rates which is expected to follow the Bank's cut in sterling rates, will provide no dramatic economic stimulus of the kind demanded by leaders of the Confederation of British Industry. The symbolism of the Bank's action is nonetheless important.

The most important message conveyed by yesterday's action is that the Government has not simply forgotten the lessons of 1978-80, when sterling was permitted—and sometimes even encouraged—to rise unchecked to levels which did serious damage to many parts of Britain's industry. The Chancellor may be unwilling to give the CBI the easy option of a substantially lower exchange rate, particularly before the industrialists show evidence of a more robust attitude to the coming pay round; but the Treasury team does seem to understand better than it did in 1980 that a grossly overvalued currency can be a very dangerous weapon.

On a second, more technical, matter—the relationship between monetary targets, exchange rates and interest rate policy—the authorities do not yet speak with a single voice, but the markets are bound to

Nor should too much store be set by the publicly-funded prestige projects intended to give European industry a leg up on international competition. Joint programmes such as the EEC's Esprit have a role to play. But they are no substitute for commercial pressures as a stimulus to cross-border cooperation.

Much has been done in the past few years to improve the availability of financing for small and medium-sized businesses. What companies of all sizes need now is bigger markets, free of the byzantine regulations and entrenched commercial interests which keep the EEC fragmented.

The European Commission's proposals for opening the internal market point in the right direction. Action is needed, too, to loosen the grip of national telecommunications monopolies, which lie beyond the reach of EEC competition laws, and to curb beggar-my-neighbour subsidies for inward investment. Ultimately, these amount to a zero-sum game, where the only winners are non-European companies.

That is, admittedly, a formidable agenda for a Community where decision-making appears to be getting ever harder. But governments should not make delays in Brussels an excuse for avoiding changes in national policies which will in any case be needed to complement action at the EEC level. The UK has already made a commendable start by deregulating its telecommunications and financial services industries.

However, there is a limit to how far individual governments can go on their own. The UK's efforts to promote internal competition have already begun to bump up against constraints imposed by the size of its national market.

Even if the most important, many of the biggest obstacles to intra-EEC trade, such as national procurement and fiscal policies, have overtly political dimensions. Real progress towards a freer and more competitive European market will inevitably entail more than just down-to-earth practical measures; it will require movement on the political level.

Careful timing will also be critical. If Europe's markets are opened too quickly, there is a risk that companies long organised on a purely national basis will be swept aside by stronger American and Japanese competitors. Too slowly, and companies may lose the incentive to intensify.

It is essential to avoid recreating at a European level the same trade barriers which exist today at a national level. The last thing the EEC needs is to erect a new protectionist wall which would invite international retaliation and deprive its industries of the competitive stimulus needed to be efficient.

In any case, it is no longer practical to try to create world-class industries solely on the basis of European markets, even if all internal barriers were removed. In many sectors, the economies of scale required can only be attained by competing all major international markets more or less simultaneously.

AS WESTERN Europe's computer and telecommunications companies struggle to stay afloat in increasingly turbulent and fiercely competitive world markets, they are beginning to reach out to each other in search of a lifeline.

Last year saw a record increase in commercial and technical co-operation agreements between European electronics companies, according to Reseau, an Italian market research firm, though they were still outnumbered by European link-ups with American and Japanese partners.

U.S. plans to spend \$26bn on advanced research for the Strategic Defence Initiative have injected additional impetus. Two weeks ago, EEC leaders endorsed France's proposal for a parallel European project, Eureka. It has yet to be defined in detail and would be on top of Esprit, the existing \$750m joint EEC research programme in information technology.

"Collaboration is a magic word in Europe today," says Mr Jacques Stern, chairman of Bull, the French state-owned computer group. But though he supports efforts to club together, he, like some others in the industry, is cautious about how quickly they will bear fruit.

Balkanisation of Europe's information technology markets due to preferential government procurement and maintenance of strict national telecommunications monopolies, has long been blamed for handicapping its industries by favouring the economies of scale available to U.S. and Japanese competitors.

But recently, some industrialists have begun to perceive another side to the problem. The companies themselves—"Business and governments alike have been too ready to find scapegoats," says Mr Robb Wilmut, chairman of the British computer company ICL. "We commonly find the first mentioned market. But this isn't a problem for Japan or America—it's just that we are too weak to jump over the barriers."

Dr Carlo de Benedetti, chairman of Italy's Olivetti, says too many managements are seeking "alibis" for their own failure to think big and take risks. "It's easy for companies to say they can't go into international markets because they don't have a large home market," says Dr Gordon Edge of the Pactel consultancy. "But I really think that is only an excuse."

On this view, the competitive position of many European companies is so weak that they would risk being elbowed aside by U.S. and Japanese groups if European markets were suddenly opened up.

Part of the blame lies with government feather-bedding over the years, intended to breed "national champions" in computing and telecommunications. Too often it has produced lame ducks which rarely venture beyond their home markets and have sometimes come badly unstuck once they were exposed to open competition.

Europe's three "national champions" mainframe computer manufacturers—IBM, Burroughs and Siemens of West Germany—all have less than 2 per cent of the world market. IBM of the U.S. has about 70 per cent and outsells its European rivals even on their home turf. By contrast, companies with entrepreneurial managements such as Olivetti, Nixdorf of West Ger-



Looking for strength to jump over the barriers

By Guy de Jonquieres

many and Norway's Norsk Data have grown profitably with little or no government support.

Olivetti is the only European company to have made an international impact in business personal computers. But it still accounted for a mere 5 per cent of European sales totalling \$3bn last year, according to IDC Europe, and trailed fourth behind IBM, Apple and Commodore, all of the U.S., which



together captured 46 per cent of the European market.

In telecommunications, closed national markets have encouraged massive duplication, particularly in digital public exchanges. Ten companies are involved in making such exchanges in Europe, each developed at a cost of \$500m to \$1bn. Technical standards for terminal equipment also differ widely and no country is approved for use in one country are often illegal in others.

In software, supposedly a European strength, its com-

panies have been losing market share to U.S. rivals. Unlike the U.S. industry, they have largely neglected the mass market for "package" software in favour of "bespoke" programmes for large customers. By some estimates, a fifth of Europe's software writers are involved in digital exchange development.

National monopolies (PTTs) buy about three-quarters of the EEC's \$10bn annual output of telecommunications equipment. Critics argue that tied purchases on such a large scale, usually from a small group of favoured local manufacturers, have made suppliers myopic and parochial by encouraging them to design products to satisfy PTT engineers, not market needs.

Indeed, staying close to the customer—unless he happens to be part of a national government—has been a low priority for much of Europe's electronics industry. "Many companies are more concerned with technology than with their customers," says Mr Klaus Luft, Nixdorf's deputy chairman. "Marketing has been under-developed," says Dr Hans Cisse, technical director of AEC of West Germany. "After the war, there was tremendous demand; you could sell everything you made. But all that has changed now."

AEC learned the hard way. A financial crisis three years ago forced it to restructure its operations, shedding its telecommunications and consumer electronics subsidiary and ceding control over its private telecommunications business. Since then, it has sought to identify selected areas where it enjoys comparative advantage and to give more emphasis to marketing.

More recently, poorer telecommunications profits at Britain's CEC, Plessey and STC have underlined the vulnerability of companies which have long depended on protected

WORLD'S LARGEST COMPUTER MANUFACTURERS

1984 Rank	Company	1984 total revenue (\$bn)	1984 Computer revenue (\$bn)
1	IBM (U.S.)	45.9	44.3
2	Digital Equipment Corp. (U.S.)	4.2	4.2
3	Burroughs Corp. (U.S.)	3.9	3.7
4	Control Data Corp. (U.S.)	3.8	3.5
5	NCR Corp. (U.S.)	4.0	3.7
6	Fujitsu Ltd. (Japan)	3.4	3.4
7	Sperry Corp. (U.S.)	3.4	3.4
8	Hewlett-Packard Co. (U.S.)	7.3	3.4
9	NEC Corp. (Japan)	6.6	2.8
10	Siemens AG (W. Germany)	16.5	2.8

Source: Dataquest

WORLD'S TOP 10 TELECOMMUNICATIONS MANUFACTURERS

Rank	Company	Headquarters	1983 telecom equipment sales (\$bn)
1	AT & T Technologies	U.S.	11.18
2	ITT	U.S.	4.69
3	Siemens	W. Germany	3.16
4	L. M. Ericsson	Sweden	2.74
5	Alcatel-Thomson	France	2.66
6	Northern Telecom	Canada	2.41
7	NEC	Japan	2.38
8	GTE	U.S.	2.31
9	Motorola	U.S.	1.73
10	Excluding Rm.	U.S.	1.73

Source: Arthur D. Little

orders for much of their business. Since the UK market was liberalised in 1981, British Telecom has turned from a near-captive customer into an increasingly aggressive competitor.

Though no other country has yet changed its policy as radically as the UK, many European electronics companies are finding their home markets too narrow to support mounting development costs. Many are seeking to diversify their product ranges and markets, particularly in the U.S. Only Philips of the Netherlands already has a big U.S. presence, mainly in consumer electronics and lighting.

But even the most enterprising are finding the management challenges tough. Sweden's L. M. Ericsson has yet to win a big U.S. order for its telephone equipment, which have been sold in some 70 countries. It also lost money last year in office automation, a business in which it has invested heavily in the past five years.

Though Olivetti is selling its personal computers to American companies, "Telegraph" and "Xerox" its own U.S. operations have consistently lost money. "We did not understand that the size of the U.S. market creates its own problems," says Dr de Benedetti. "For us, France and West Germany are big markets. The U.S. is an altogether different order of magnitude."

Some observers doubt that Eureka will do much to sharpen Europe's competitive edge if it turns out to be little more than another way of pumping public money into large electronics groups. Not only would that further underpin their reliance on subsidies but could also skew the competitive odds still further against

smaller companies left out of the programme.

Government contracts, particularly for defence work, are sought over just as eagerly in the U.S. But America's highly-developed venture capital system ensures that entrepre-preneurial new firms spring up and often grow big by exploiting technology which established groups cannot or will not put into commercial products.

In Europe, the industry structure is much more rigid—unlike the U.S. there have been few changes in its top 20 or so electronics companies for decades. Though Esprit has encouraged more cross-border contacts between researchers in universities and industry, it has done little to loosen things up further downstream.

Separately, ICL, Bull and Siemens have formed a joint laboratory to do research in advanced computer intelligence, while Alcatel-Thomson of France, Italtel of Italy, Plessey of Germany and Siemens aim to cut costs by collaborating on development of telecommunications chips.

Most leading European electronics companies and many governments are also supporting work on independent, "open systems" (OSI) standards, designed to allow different manufacturers' products to communicate freely across telecommunications networks.

Their efforts, which are backed by some U.S. computer companies, reflect fears that as data communications grows, IBM may succeed in extending to telecommunications the dominance which its technical standards already exert in the world of computers.

European companies which have tried to take co-operation further have run into obstacles. Before ICL linked up with Japan's Fujitsu and Philips and Olivetti both did

deals with AT & T, all sought European partners but say they could find no basis for agreement.

One problem is lack of complementary products and technology. At the insistence of governments, many of Europe's "national champions" have pursued parallel product strategies designed to cover the whole market.

Europe's trade barriers have limited direct competition between them largely to third markets, where many have been supported by state subsidies. As a result, they have felt little pressure in the past to differentiate their product ranges. Some have recently started to do so, notably ICL and Bull, which were forced by financial crises to re-think their strategies.

Furthermore, however loudly they may deplore other countries' trade barriers, companies invariably bank at surrendering privileged positions at home. So far, co-operation between European electronics companies only seem to work when nobody has to make any real sacrifices.

Defence of vested interests can be stubborn within countries as between them. Nixdorf blames recent delays in official approval for its new digital private branch exchange technology by German telecommunications manufacturers led by Siemens, which had no comparable products to offer.

Mrs Maria Bellisario, who has restored ICL's status since four years ago, thinks technological change will reshape Europe's electronics industry. She argues that new techniques for writing software—which accounts for an increasing large share of the cost of electronic products—will enable work to be shared out among a much wider range of companies.

That could introduce more flexibility into the structure of Europe's industry. But on its own, it would be unlikely to solve today's problem of excess capacity divided between too many old established companies lacking the scale to compete profitably on world markets.

Philips, STC, Thomson of France and Hitachi of Switzerland are all bowed to mounting pressures by abandoning proprietary digital telephone exchange development programmes since 1982. Philips and Thomson have also acquired many of their competitors in consumer electronics. Many industry experts expect the shake-out to continue and spread to other sectors of the electronics industry in the next few years.

The pace of rationalisation may depend, though, on political "winds" and on commercial factors. Both France and Britain have in the recent past stepped in with public support for threatened "national champions" rather than allow them to collapse or fall into the hands of foreign competitors.

They have justified these actions on the grounds that information technology industries are strategic assets, vital to economic survival. Experience suggests, though, that when companies' considerations take precedence over commercial logic, companies which should be creating wealth can often end up costing the rest of their national economies money.

This is the last of a series. Previous articles appeared on June 17, 19, 21, 23, 25 and July 1, 3, 5 and 7. A booklet containing all the articles in this series will be available shortly from the publicity department.

The men from the majors

The fact that both Charterhouse Petroleum and Saxon Oil, which now want to merge, have thrived as British independent oil and gas companies during their five-year lives has much to do with the qualities and backgrounds of the two oil men who direct them.

Tony Craven Walker, aged 42, managing director of Charterhouse, and John Heaney, aged 53, managing director of Saxon, both learned their trade with the majors working on the international oil scene.

Craven Walker, a Cambridge graduate, worked for BP for eight years as an oil petroleum engineer in Libya, North America, and Abu Dhabi, before returning to Britain to be project coordinator for BP's first oil field in the North Sea. By 1980 he was able to organise the flotation of the separate company with a staff of just 7. It now employs 120 and had a turnover of \$28m last year.

Craven Walker serves on BP's independent oil committee, with Heaney and the two men have known each other for many years.

Heaney, also a Cambridge graduate, joined Shell in 1966 and, during a long career with the group, learned Dutch while drilling (unsuccessfully) in Holland, and found gas in Bangladesh. By 1972 he also was back in London involved in the early North Sea work with Brent field.

Heaney left Shell in 1978 to restore the fortunes of his family's ailing fruit farm in Colchester. Within a year the tree of oil was too strong and he had started Saxon in one of the farm's outbuildings. Its headquarters is still in Colchester and the UK operations of the merged firm are to be run from there.

Saxon has built up a portfolio of exploration acreage in Britain, Holland and France and

Men and Matters



made its name with the discovery of the Miller Field in the North Sea.

This merger of two young but strong independents could be just the first in a series of fashionable marriages as Britain's independent oil companies conclude there are virtues in setting up house with one another.

Market watchers almost missed a broad hint of the way things were about to go—given by Walker this week at a Financial Times seminar in London. He virtually ruled out a number of "hostile take-overs" at massive premiums to the market, saying the "more astute players in the oil game" saw the need to work with, rather than against, each other.

He went on, "Rationalisation of the industry in the UK will certainly occur, but will do so through the formation of agreed groupings... without disruption of the motivating forces

which have been behind the creation of the best of these companies."

Outsider first

The traditional two-horse race between Barclays and National Westminster to lead the way on bank base rates may be a thing of the past.

Citibank, which last year became the first overseas bank to be elected to the exclusive club of British clearing banks left them both at the starting post yesterday with its 1 point cut in base rates.

The U.S. bank, which has acquired a reputation for taking an aggressive posture in the U.S. money markets, is clearly out to beat the British banks on its home ground.

Its rivals, however, can take heart from the fact that Citibank seemed at a complete loss as to how to capitalise on what should have been a major political coup.

A phone call to the press office after the base rate move elicited an abrupt "no comment," and even that was supposed to be off the record, finally brought the equally illuminating reply: "There is a consistent policy of no comment on Treasury matters."

At least Barclays and NatWest know how to claim credit for lowering the cost of borrowing.

Savoy offensive

London's hotels are about to enjoy the biggest business they can recall, with the arrival of some 20,000 members of the American Bar Association and spouses at the week-end.

It seems an odd moment for leading London hoteliers to

start a new round of an old squabble among themselves. Yet the prospect of offering guests an unwelcome glimpse of the internecine strife in the business has not deterred the Savoy directors from levelling a new blast against Lord Forte, head of the THF group.

In press advertisements yesterday the Savoyards charged Forte with running a campaign against them based on this "frustration that his personal ambition to acquire control of the Savoy (also Claridges, the Berkeley, and the Connaught) has not been realised."

Sternly the Savoy board says "Lord Forte knew perfectly well at the start of his campaign that he would be resisted, and he knew perfectly well the voting structure was when he began. He has nevertheless persisted, and if THF now finds itself in a predicament, it has only itself to blame."

Forte came back last night with a three-page riposte accusing the Savoy board of poor management.

Light relief

The Chancellor, Nigel Lawson, late arrival at the last National Economic Development Council provided a welcome slot for Norman Willis, the Trade Union Congress general secretary, to enhance his reputation as a stand-up comic.

While government, industry, and union representatives, surveyed each other glumly across the table, Willis piped up, "I expect to be just finding a policy."

"Yes," a government minister was heard to say, "He's trying to quit M3."

Quite unaware of the spirit of fun his lateness had injected into Neddy, Lawson explained during his address that there would be no change in government policy.

Willis broke in with the timing of a true comedian: "Yes, but what does he really mean by that..."

For a rare moment the chamber rang with laughter.

Observer

BASE LENDING RATES

A.B.N. Bank	12 1/2%	C. Hoare & Co.	12 1/2%
Allied Dunbar & Co.	12 1/2%	Hongkong & Shanghai	12 1/2%
Allied Irish Bank	12 1/2%	Johnson Matthey Bkrs.	12 1/2%
American Express Bk.	12 1/2%	Knowles & Co. Ltd.	13 %
Henry Ansbacher	12 1/2%	Lloyds Bank	12 1/2%
Amro Bank	12 1/2%	Edward Manson & Co.	13 1/2%
Associates Cap. Corp.	13 %	Meghraj & Sons Ltd.	12 1/2%
Banco de Bilbao	12 1/2%	Midland Bank	12 1/2%
Bank Hapoalim	12 1/2%	Morgan Grenfell	12 1/2%
BCCI	12 1/2%	Mount-Credit Corp. Ltd.	12 1/2%
Bank of Ireland	12 1/2%	National Bk. of Kuwait	12 1/2%
Bank of Cyprus	12 1/2%	National Girobank	12 1/2%
Bank of India	12 1/2%	National Westminster	12 1/2%
Bank of Scotland	12 1/2%	Northern Bank Ltd.	12 1/2%
Banque Belge Ltd.	12 1/2%	Norwich Gen. Trust	12 1/2%
Barclays Bank	12 1/2%	People's Trust	12 1/2%
Benedict Trust Ltd.	13 1/2%	PK Finance Int'l. (UK)	13 %
Brit Bank of Mid. East	12 1/2%	Provincial Trust Ltd.	13 1/2%
Brown Shipley	12 1/2%	R. Raphael & Sons	12 1/2%
CL Bank Nederland	12 1/2%	Roxborough Guarantee	13 %
Canada Permanent	12 1/2%	Royal Bank of Scotland	12 1/2%
Cayzer Ltd.	12 1/2%	Royal Trust Co. Canada	12 1/2%
Cedar Holdings	12 1/2%	J. Henry Schroder Wagg	12 1/2%
Charterhouse Japhet	12 1/2%	Standard Chartered	12 1/2%
Choularton**	12 1/2%	TCC	12 1/2%
Citibank NA	13 %	Trustee Savings Bank	12 1/2%
Citibank Savings	12 1/2%	United Bank of Kuwait	12 1/2%
City Merchants Bank	12 1/2%	United Mizrabank	12 1/2%
Clydesdale Bank	12 1/2%	Westpac Banking Corp.	12 1/2%
C. E. Coates & Co. Ltd.	13 %	Whiteaway Laidlaw	13 %
Comm. Bk. N. East	13 %	Williams & Glyn's	12 1/2%
Consolidated Credits	12 1/2%	Yorkshire Bank	12 1/2%
Co-operative Bank	12 1/2%		
The Cyprus Popular Bk.	12 1/2%		
Duncan Lawrie	12 1/2%		
E. T. Trust	12 1/2%		
Exeter Trust Ltd.	13 %		
First Nat. Fin. Corp.	12 1/2%		
First Nat. Secs. Ltd.	12 1/2%		
Robert Fleming & Co.	12 1/2%		
Robert Fraser & Puns.	12 1/2%		
Grindlays Bank	12 1/2%		
Guinness Mahon	12 1/2%		
Hambros Bank	12 1/2%		
Hertford & Gen. Trust	12 1/2%		
Hill Samuel	12 1/2%		

* Members of the Accounting House Committee.

** 7-day deposits 5 1/2%, 1 month 10 1/2%, 3 months 12 1/2%, 6 months 13 1/2%, 12 months 14 1/2%. At call with £10,000+ reserve deposited.

PARLIAMENT rises early this summer, no doubt to everyone's great relief. Mr John Biffen the Leader of the House of Commons, announced yesterday that it should be up by July 26.

People need a rest, or at least a pause for thought. There are no great legislative issues left hanging in the air. The next session, and preferably longer. Meanwhile, there is plenty to think about.

Two main points emerge at the end of the second year of Mrs Thatcher's second administration. One is the way esteem for the Government continues to decline, perhaps especially among elites. The other is the slow, but by now fairly steady, recovery of the Labour Party.

Among senior ministers Sir Keith Joseph, the Education Secretary, is fond of remarking that the Government keeps losing years. It lost the first year of Mrs Thatcher's first administration, for example, by not being radical enough early enough. It lost the first year of her second by being stuck with legislation from the old Parliament. Now it has lost the second by spending an inordinate amount of time and effort on the relatively unimportant matter of the reform of local government. Time is beginning to run out.

Rarely has one heard such acerbic comments about government as now come regularly from the ranks of industry and the City. "Whom does she talk to, any more, certainly not to us?" is one of the most mild. Mr Nigel Lawson, the Chancellor, and Mr Leon Brittan, the Home Secretary, come in for particular stick, though the Prime Minister herself is no longer immune. Industry and the City have begun to discuss the possibility of how to live with a new Labour regime.

And on the face of it things do look pretty grim. There was the pound, down almost to parity with the dollar early this year. Now it is up to around \$1.40. The more important weighted index against a basket of currencies went up to 83.9 in the middle of this week, a level wholly unjustified by Britain's economic performance and explicable only by high interest rates. It is a surprise to look at it if one is in control any more; nobody knows any longer what British economic policy is.

Harding back to the recent past, it may come to be seen that a crucial mistake was made last November when Britain had the opportunity of joining the European Monetary System. The American presidential election was out of the way and the oil market was relatively quiet. It would have been a golden time to have gone in, but the chance was not taken. There are many in industry and the City who regret it.

Yet, there again, the Prime Minister is now in new trouble

Politics Today

Everybody needs a good holiday

By Malcolm Rutherford

with Europe. Nobody on the outside, and apparently few on the inside, can be quite sure how the debate of the Milan summit meeting came about. But it looks as if Mrs Thatcher allowed herself to be outmanoeuvred by the mainstream of the continental leaders. She came back defeated, rather than defiant.

True, the damage could be repaired. The channel tunnel, for instance, whichever form it takes, could inspire popular imagination, and not just in Britain and France; it could be a European project. There are also some quite healthy signs of a reform of the common agricultural policy.

The constitutional conference on amendments to the Treaty of Rome will have to take place. But it could be an opportunity, not a threat. The British Government could try to put everything into a package, then whip the amendments to the Treaty through Parliament; after all, it has whipped much more trivial legislation through the House of Commons in the last year or two without the faintest blush of embarrassment.

But there's the rub. Does Mrs Thatcher's administration have the will to do anything bold any more? On the basis of the objective evidence, it is no longer possible to answer that question with a confident "yes," although for the time being we might settle for "perhaps."

Another matter concerns the

Chancellor. It has become unclear what his attitude to public expenditure and tax cuts is. Last Saturday he said that the Government was pursuing a "middle way," a pregnant phrase in Tory circles because it goes back to the young Harold Macmillan in the 1950s. Subsequently he seemed to deny that there had been any change of course.

Yet on Wednesday we had what looks like the rehabilitation of the National Economic Development Council. Admittedly, the NEDC did figure quite prominently in some early Thatcherite documents, such as "The Right Approach to the Economy" in 1999 but those were *autres temps, autres moeurs*, the sort of Conservatism which one thought had been mostly dismissed from the Cabinet. It was a surprise to hear the new references to tripartism between government, industry and the TUC.

Equally, if the country's infrastructure really is falling to pieces and in urgent need of repair, one would have thought that the Government might have noticed it before. It is unlikely that it all happened overnight.

So the administration has a problem of speaking with two voices: that of the savers and that of the spenders. It is quite difficult to reconcile, especially if you started with one and are now switching to the other.



Mr Kenneth Clarke and Mrs Thatcher: slowly, steadily, Labour is marching back

It is said that we should wait for the Cabinet reshuffle in early September and certainly Mr Peter Rees, who holds the key post of Chief Secretary to the Treasury, is resigned to departing. But it is not immediately obvious that a few Cabinet changes will make all that much difference. The Government does give the impression of losing its grip and determination; the only question is how far the relaxation is deliberate.

That, in a way, is what alarms the City and makes thoughts turn to the possibility of a new regime. After all, the defeat of Mrs Thatcher, if it happened, would be a fairly traumatic event. Not only would she have dominated British politics for more than a decade, and then have been voted out. It would be much more than that. Another dream would have died. After the white heat of Harold Wilson's technological revolution, the promise of Edward Heath's new style of government, Thatcherism, too, would have gone, leaving the country much as before: a medium-sized European power, quarrelling with its neighbours and in relative, perhaps absolute, economic decline. It is not a pleasant thought to have to face. It would be very hard to rekindle hope.

Such is the task that could be facing the Labour Party, and it knows it. It seems to be now getting down to

it reasonably well. Several factors have changed in the past few months. Mr Neil Kinnock, the party leader, is now nearly the equal of Mrs Thatcher at question time in the House of Commons, despite the system being biased in favour of the Prime Minister of the day. That has an effect on the morale of the Parliamentary party which must eventually seep out to the party in the country.

The far left is no longer much of a force. The Gallup Poll analysis in the Daily Telegraph of the voting in last week's by-election in Brecon & Radnor suggested that only 5 per cent of the electorate were influenced by fears of Labour being too extreme. It was not like that in 1983.

Labour's recent election results have been fairly satisfactory from the party's point of view: in the three counties, for example, True, it came only second in Brecon and Radnor, but it gives the Alliance a nasty shock, and the Alliance has to win by-elections to maintain its own credibility. Labour now appears to be on a rising trend. Perhaps it is better to ascend steadily rather than dramatically.

The party's organisation has much improved. Mr Larry Whitty, the new general secretary, really is streamlining the party's headquarters at Walworth Road, even asking all senior officers to submit themselves for re-appointment against open competition. Again,

the union hallots are going in favour of maintaining the political levy which keeps Labour in funds.

Not least, the party is engaged on some very serious work on economic policy, particularly through the Liaison Committee with the TUC. It is much less likely than it used to be that Labour will again be returned to office not knowing what to do. The party has learned from its past, and also from the initial mistakes of President Mitterrand in France. It is not going to promise too much.

Finally, there is a thought curiously shared by Mr Lawson and some members of the Labour front-bench which, I think, epitomises what has been going on in the last year or two. It is that when a party ceases to be radical it gradually loses its hold on office. It happened to the Labour administration in 1950-51, again in the 1960s and to Mr Heath's in the early 1970s.

The Chancellor's fear is that is happening to the Tories again now. That is also the Labour Party's hope. Gradually unemployment will come down. The Government will relax its spending and pay policies and develop the infrastructure. But it will be Labour which gets the credit for it because it is the party most identified with that kind of policy.

It is not a prediction, only a thought for the summer, but it is one worth pondering.

Lombard

No-one needs the gift of tongues

By David Lascelles

EACH YEAR, as the British pack their bags for their summer holidays, someone can be relied on to bemoan how badly we speak foreign languages. Last week it was the turn of the Assessment of Performance Unit of the Department of Education and Science which said that distressingly few of our teenagers can string a sentence of French, German or Spanish together, let alone understand one.

All true, no doubt. But does it really matter? Blessed as we are with the world's *lingua franca* as our mother tongue, it almost seems an act of condescension to try to master other peoples' languages, particularly when they do a so much better job of learning our own. Perhaps the time has come for the British to spend less time learning languages, even—dare one say it—stop learning them altogether, at least as part of the regular school curriculum.

On outrageously British and insular view to take, perhaps. But we should ask ourselves whether the conventional reasons why we learn foreign languages still stand up, particularly when measured against the more rewarding uses to which we could put our time:

● To communicate with foreigners: hardly necessary in a world where English has become the language of international business, finance, sport, science, art, academia, travel and diplomacy. Better that the few cases where English people do need to communicate in a foreign language be handled by a body of professional interpreters or through special training courses rather than have the whole country struggle to master languages with such poor results. Of course we should have a smattering of a foreign language out of respect for other nations, and to oil the social wheels. But a few hours in a language laboratory would suffice for that.

● Broadening cultural horizons: Knowledge of a foreign language is supposed to be the gateway to another country's culture. It may be for a small, homogeneous group of us, but can honestly claim to have

curled up with a Balzac novel in the original French, or poured over Der Spiegel for a flavour of German affairs? Many of us might have learnt more about French culture had we been encouraged to read its literature in translation (witness the success of English National Opera's English-language productions) or spent less time learning French irregular verbs and more studying French history and art. Anyway, language is only one—and possibly the most insignificant—gateway to a foreign culture. What of music, art, travel and even food?

● Language as a discipline: There is something to be said for language as a form of mental exercise, and for gaining a deeper understanding of our own culture. But these are secondary benefits which probably do not justify the enormous effort that goes into language teaching. If mind training is needed, scientific subjects might be more appropriate; the sources and origins of words can always be taught separately.

The aim of any debate about language teaching should be to find a better balance between effort and results. The trouble with reports like the APU's is that they seem to assume that everyone can and should learn to converse in a foreign tongue. But that is no more likely or possible than everyone becoming an accomplished scientist or good cricketer.

We could even say that our efforts to teach youngsters to speak French have had the counterproductive effect of putting them off wanting to learn more about France. (This danger of backfire, incidentally, applies less to those who are not born English speakers; they know they have got to learn English if they are to succeed in many walks of life.)

By scrapping language lessons, we would clear a sizeable chunk of the school timetable to teach subjects that really improve our understanding of the outside world: history, current affairs, culture, geography and economics, and in the process, but many of us can honestly claim to have

Labour and the EEC

From the MP for Hamilton (Lab)

Sir,—In his criticism of Labour's stance on the European Community, Malcolm Rutherford (July 5) has got it uncharacteristically wrong.

The main thrust of the attack by Labour on Mrs Thatcher's Milan anti-triumph and on the new "own resources" Bill is not based on a root-and-branch opposition to the EEC.

It is based on a critique of the failure of the Community to deal with the most important issue facing its component countries—recession and chronic unemployment.

Mrs Thatcher's spectacular failure to foresee the hijacking of the Milan summit only serves to underline the real European crisis which must perplex the Eurofanatics as well as the sceptics.

The Community, instead of concentrating its energies and potential on a strategy of expansion, growth and recovery, is instead obsessed with tinkering with institutions and treaties which, without political will, produce nothing at all.

Labour will continue to judge the Community, and the demands placed upon the British Exchequer as a result of it, in the light of its achievement in tackling the genuine crisis facing our own country as well as the rest of the Community.

George Robertson, Chief Opposition spokesman on European affairs, House of Commons.

Teething troubles overcome

From the Chief Executive, British Telecom Specialised Services

Sir,—Mr Salmon and other KiloStream customers can take heart that the problems he mentioned (July 8) are now virtually all in the past.

British Telecom's X-Stream digital private circuit services MegaStream and KiloStream are among the most advanced of their kind. We had teething troubles with them following their introduction in 1983—not unusual with innovations such as these—and during 1984 we embarked on a massive remedial programme to eliminate blackspots in our digital network.

This work will be 95 per cent complete by the end of this month. Already, fault reports have dropped by 40 per cent since last year.

Unfortunately, there were occasions during the work when it was necessary to disconnect customers' circuits. We endeavoured to give customers adequate notice but we regret there were a few occasions when this was not done. We

Letters to the Editor

apologise to all customers whose digital transmission was disrupted in this way.

Performance of these services is now generally achieving our published target level. This is that the circuit will perform at or better than CCITT requirements at an availability of 99.95 per cent—in other words, the service will meet CCITT requirements each year for 8,747 hours out may not for the other 13.

Sydney O'Hara, 2-12, Gresham Street, E.C.2

Stock market turns against electronics

From the Senior Research Fellow, Centre for Business Strategy

Sir,—I am fascinated by the recent sharp falls in the stock prices of the UK's leading electronic and electrical companies. It is true that the latest round of company reports shows some reversal to the rapid rate of growth in earnings that these companies have enjoyed until recently. But I am unaware of significant new information concerning their strategic positions that could justify a fundamental revaluation of their underlying assets.

It is, of course, true that the international competitive position of these companies in many important business areas is weak; but this has been clear to informed opinion for some years past. It is also clear that the "liberalisation" of purchasing policies at British Telecom and the Ministry of Defence reduces the profit potential of the UK electrical companies; but again, this factor has been well known since the early 1980s. It is tempting to conclude that all the effort that goes into "investment analysis," the stock market reacts only to earnings trends, irrespective of the underlying strategic position.

If this is true, what chance do these companies have of adopting strategies that will eventually remedy the competitive weaknesses from which they are now so evidently suffering? Michael Gould, London Business School, Sussex Place, NW1.

Arms sales to Indonesia

From the Co-ordinator, Campaign Against Arms Trade

Sir,—Your report on the opportunities afforded to British

arms manufacturers by the visit of Dr Habibie, Indonesia's Minister of Research, Science and Technology (World Trade News, July 8), raises important questions on the wisdom of promoting arms exports to Indonesia.

Firstly, according to the Stockholm International Peace Research Institute's newly published 1985 Yearbook, the global arms trade is in decline. Massive Third World debt and saturation of Third World markets by expensive military equipment are contributing to a contraction of the international arms market.

Secondly, Indonesia has one of the world's most repressive regimes, with a horrific record of the violation of civil and human rights taken for granted in the UK.

You cite the prospects for British Aerospace of selling further Hawk fighter aircraft and a collaborative venture to manufacture Alvis Scorpion tanks. Yet Indonesia is involved in a genocidal war in East Timor which it illegally invaded in 1975. Some 200,000 Timorese people have been killed by aerial bombardment, starvation and mass Sres Saladin Saracen and Ferret armoured vehicles supplied by Alvis have already been used by Indonesia's military regime for repression of its own people.

In the light of this, and the declining employment prospects in the military sector, British manufacturers would be better encouraged to focus their efforts on the production and export of socially useful civilian products, rather than supplying yet more weaponry to a heavily militarised and repressive regime.

Stephen Chappell, 5, Coleendon Road, NI.

Need for further steel closures

From the Director, British Iron and Steel Consumers' Council

Sir,—You fully and accurately report our views on the need for further closures in the British Steel Corporation (July 8). We believe that it would be a sounder investment for the longer-term health of the British economy if the £90m a year at present being spent on preserving uneconomic jobs in steel, and additional funds, were spent on creating a more efficient infrastructure and on easing the problems of transition for those adversely affected

in steel. Additional spending on the infrastructure would itself increase the demand for steel, as well as providing new jobs.

Continuing to impose these costs on BSC will either result in higher prices for steel users or reduced funds for the further investment which is vitally necessary to ensure BSC's future competitiveness.

If the social or other consequences of pursuing commercially and economically sensible policies are regarded as intolerable, we consider that a way should be found to identify the costs involved and compensate the public for them. This would spread the burden thinly over the whole community (as is normally done for other social costs) and would limit the damage to the steel and steel-using industries for whom competitiveness in international trade is essential. There should be an opportunity to provide for this under a new State Aids Code, which is apparently under consideration to cover the period after December 31 1985.

J. F. Safford, 16, Berwyn Road, Richmond, Surrey.

Statutory audit requirement

From Mrs S. I. Gompels, FCA

Sir,—In your editorial "An auditor queries audits" (July 8), you claim that it is "... the smaller the company, the more stand to lose most from liberalisation" of audit regulations.

Seeing this movement toward deregulation from just this smaller accountancy firm sector, I dispute your claim. Indeed it is precisely within the potentially exciting new and growing small business field that the burdensome statutory audit and accompanying regulation has proved most difficult to justify to clients as being of value, real, perceived or financial! practitioners in smaller firms.

I suggest that progressive will particularly applaud the removal of the albatross of statutory requirement, and welcome the consequent freedom to provide the forward-looking, timely management accounting and financial services which their clients need, value and will more positively fund.

Susan Gompels, Heathfield, Cobham, Surrey.

Ticket to paradise

From Mr W. S. Gapp

Sir,—I was unlucky in the recent ballot for shares in Christian Salvessen and telephoned my bank branch with a buying order.

In confirming my order, the bank clerk said, to my delight: "You are buying shares in Christian Salvessen." Walter Gapp, 30, Grosvenor Place, Bath, Avon.

One giant step

A great hurdler knows the challenge of the event: a 400 metre circuit with 10 barriers, where one missed step can mean defeat. Similarly, in the IAAF Mobil Grand Prix, there are 16 challenges—16 international meetings pitting the best athletes in the world against another.

The competition, sponsored by Mobil and organised by the International Amateur Athletic Federation, kicked off 25 May in San Jose, California, and culminates with the Finals in Rome on 7 September. Coming up are the Nikea in Nice on 16 July and the Peugeot Talbot Games in London on 19 July.

Grand Prix points are awarded to athletes on the basis of their performances and times. World records gain extra points. Overall Grand Prix awards will be made to the outstanding male and female athletes and to the outstanding performers in each event.

With 10 meets to go, endurance counts, for there are hurdles ahead—and 10 chances to take a giant step to the front.



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SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Friday July 12 1985

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Further loss of L120bn for Agusta

By James Burton in Rome

AGUSTA, the Italian state-controlled helicopter maker which is a close collaborator of Westland of the UK, has announced a second year of heavy losses for 1984.

Losses were L120.5bn (\$64m) compared with L121.4bn in 1983. But the company is refusing to announce its sales figure for 1984. In 1983, sales totalled L107.4bn.

Agusta blames its losses on very heavy debt servicing costs - amounting to L217bn last year - and to foreign exchange losses caused by the rise of the dollar, which cost the company L102bn. It says that it made a profit of L190bn at the operating level - some L50bn more than the 1983 result.

The company, which says it will get its net loss down to L40bn this year, is to write down its capital of L205bn and then increase it back to the same figure in order to absorb the loss. This will be decided at a shareholders' meeting later this month, when further details of Agusta's performance in the year to December 31 1984 will be released.

Agusta, which was founded by the Agusta family, is now owned to almost 91 per cent by Eim, one of Italy's state holding companies. The proportion held by the Agusta family will decline further from its present 9 per cent after the capital restructuring.

Agusta has suffered from a sharp decline in orders over the past few years, to which it was slow to react by restructuring production. It also took on borrowings, including a heavy exposure in dollars, which at the end of 1983 amounted to L890bn.

Last year, as part of a recovery programme instituted by its new chairman, Sig Raffaele Tedé, it put 4,000 of its 10,500 strong workforce on state-subsidised lay-off for three years.

Agusta is a partner with Westland in the EH 101 project to build a large naval helicopter. Westland is also discussing the possibility of further developing Agusta's A 129 Mangusta anti-tank helicopter.

Italian bank lifts profits by 28% in year

By James Burton in Rome

IMI - Istituto Mobiliare Italiano, the Italian medium-term lending institution which is one of the country's biggest banks - last year increased its net profits by 28 per cent.

Net profits were L182bn (\$98.7m) for the year to March 31 1985, compared with L142bn for the equivalent period of 1984. The figure was arrived at after setting aside L123bn for bad debt risks and L127bn for tax.

IMI, which is chaired by Sig Luigi Arcuti, had a loan portfolio of L20,997bn at the end of the financial year. The institution is expanding into financial services and is building up a venture capital portfolio through its subsidiary, Ialfinanziaria Internazionale.

Chemical's earnings exceed expectations

By Chris Cameron-Jones in New York

MORE U.S. banks reported strong advances in second-quarter net earnings yesterday. Chemical New York, the sixth largest in the country, well exceeded market expectations with a near 40 per cent increase to \$107.3m, or \$2.03 a share, from \$76.8m, or \$1.45.

This took the six-month total to \$197m, or \$3.71 a share, from \$158.1m, or \$3.03 a share, a year earlier despite a \$27.4m rise in loan loss provisions to \$65.5m in the latest quarter and higher non-interest costs.

Chemical said that strong net income performance throughout the six months reflected higher net interest income, substantial gains on sales of investment securities, higher profits on trading account and foreign exchange activities.

Irving Bank, the 23rd largest, pushed earnings ahead 19.2 per cent in the latest quarter, to \$31.38m, or \$1.99 a share, from \$26.31m, or \$1.58 a share a year ago, though loan loss provisions almost doubled to \$14.7m from \$7.5m.

For the six months Irving's profit reached \$58.7m, or \$3.10 a share, from \$52.96m, or \$2.78 a share.

For the half year loan loss provisions rose to \$25.4m, up from \$18.1m in 1984, and net loan charge-offs were \$3.1m higher at \$11.5m.

The slightly smaller Bank of New York lifted second-quarter earnings to \$31.15m, or \$1.51 a share from \$26.26m, or \$1.56, previously.

For the six months profit was up at \$63.98m, from \$52.14m, or \$3.19 a share, against \$3.16 a share. Per share figures for 1985 reflect increased capital.

PNC Financial, the 27th largest, boosted second-quarter earnings to \$45.97m from \$34.11m, or to 96 cents a share from 77 cents a share. This took the interim total to \$88.98m, or \$1.85 a share, from \$84.52m, or \$1.47 a share, even though loan loss provisions soared to \$27.1m from \$12m a year ago.

Shareholders in Mr Murdoch's News Corp would receive a bonus dividend of voting preference shares in Network Ten Holdings, holding company for Channel Ten-10 Sydney and ATN-10 Melbourne, said solicitors acting for News Corp.

The plan would dilute News' holding in the stations to the 15 per cent maximum decreed by Australian law for foreign ownership of a TV licence. News' solicitors said the plan should prevent Mr Murdoch having to sell the stations.

News Corp will continue to retain all Network Ten's ordinary shares and four of the company's eight directors, thereby keeping all the Network Ten profits less the dividend paid on the new preference shares.

News Corp shareholders will be entitled to one fully paid, voting fixed-dividend redeemable \$1 preference share in Network Ten Holdings for every 200 shares in News Corp, plus 0.25 cents cash for each News Corp share.

Meanwhile, Mr Murdoch will divest himself of his preference share entitlement, while his family members, who with him control more than 50 per cent of News Corp, will place their preference shares in an independent trust.

Twentieth Century Fox Film, the Los Angeles film studio jointly owned by Mr Murdoch and Mr Marvin Davis, posted increased net losses of \$55.9m in the third quarter, ended May 25.

Mr Murdoch, who is 45, was previously head of BMW Iberica in Spain, and before that he was in Ford's sales and marketing operations for 16 years.

Porsche gave no reason for Herr Nedelcu's departure from the company's management board but said he would leave at the end of this

month by agreement with the supervisory board, the body which represents shareholders.

Porsche, which went public with a share issue last year, has embarked on a major investment programme aimed at expanding production and sales. It made substantially increased net profit of DM 92.4m (\$31.5m) on sales of DM 2,499m in its financial year to July 31 1984.

In the six months to last January 31 sales revenue was running 7 per cent ahead at DM 1,378m.

On the other hand, Audi boosted sales in European export markets in the first half of this year by 11 per cent to 73,000. In the U.S., Audi sold a record 8,050 cars in May, but despite that its U.S. sales in the first half of this year were 7 per cent down at 37,000.

Lower prices during the first half meant that earnings from metals and minerals, before borrowing costs, were only 40 per cent of last year's level. There was a loss in manufacturing as improved results from copper fabricating were offset by weak prices for aluminium and the continued shutdown of one of the group's three potlines.

Noranda's forest products interests registered an improvement, but only because of the adverse impact on the previous period of a labour dispute.

In a separate development, the Australian stockbroker J. B. Were and Son has successfully completed the placing of 40m shares at a price of 50 Australian cents each in Noranda Pacific, a new company which will group Noranda's gold exploration interests in Australia.

China business boosts Klöckner

By Rupert Cornwell in Bonn

KLÖCKNER & Company, the West German steel trading and engineering concern, is expecting another good year in 1985, after lifting net profit last year by DM 10m to DM 41m (\$13.95m). Sales rose a further 10 per cent in the first six months, despite a stagnant performance by its dominant steel business.

Herr Jörg Henle, the company's chief executive, said yesterday that worldwide turnover had advanced 18 per cent in 1984 to DM 12.8bn, while the group in West Germany

itself boosted sales to DM 10.8bn, over 14 per cent higher than in 1983.

Not the least contributor to what Herr Henle described as the best year in Klöckner's history is its booming business with China. In 1984 this reached DM 185m, but was overshadowed by the DM 250m achieved in the first six months of 1985. Outstanding orders from Peking currently stand at DM 350m.

The highly diversified group controls 32 companies with a total workforce of 7,370. However, it is al-

so closely linked with Klöckner-Werke, the steel concern in which it has a 10 per cent stake, and Klöckner-Humboldt-Deutz (KHD) in which it holds a substantial minority interest.

Herr Henle said that turnover of the entire Klöckner group, including the steel company and KHD, had climbed to DM 21.7bn in 1984 from DM 18.7bn. The DM 270m capital of Klöckner & Company is almost entirely in the hands of the Peter Klöckner Foundation.

Indosuez buys stake in Stein bank

By David Marsh in Paris

BANQUE Indosuez, the internationally oriented French bank, has made a further effort to boost its activities in West Germany by acquiring one third of the private Cologne-based Stein bank. The purchase price was not disclosed.

The acquisition, which will bring Stein into Banque Indosuez's international network, follows a Suez move into north Germany in 1982 when it bought a majority share in the Hamburg-based Marcard bank.

Stein, founded in 1780, has a balance sheet of about DM 350m (\$119m) and specialises in financial market activities with a seat on the Düsseldorf bourse and a clientele composed mainly of industrial groups. Its profit last year was undisclosed.

The rest of the share capital will be split equally between the Stein family - who previously had a 60 per cent stake in the bank - and the Haftpflichtverband der Deutschen

Industrie (HDI) mutual insurance group, which previously owned the remaining 40 per cent. Banque Indosuez is making clear it would be interested eventually in building up its stake further.

The bank believes the stake will boost its efforts to finance French exports to Germany. The move follows Banque Indosuez's step last month in taking over 68 per cent of the Antwerp-based Banque du Benelux.

Rumasa construction unit sold

By Tom Burns in Madrid

THE last remaining major company of the former Rumasa conglomerate, the Spanish private holding that was expropriated by the state in February 1983, has been sold back to the private sector.

Sr Javier del Moral, the chairman of the Patrimonio Nacional, the state agency that has been managing Rumasa's affairs for the past two years, said yesterday the construction firm Hispano Alemana de Construcciones had been acquired by Transworld Constructors, a U.S.-based consortium with U.S., Dutch, Swiss and Mexican capital.

Hispano Alemana, together with the department store chain Galerías Preciados, the hotel group Hoteles, the sherry producing companies and the bank Banco Atlantico, was a major company in the Rumasa empire, and it was the last of the "super group" of companies to be sold by the Patrimonio Nacional.

As occurred before the other sales, considerable public money had to be pumped into Hispano Ale-

mana in order to make it attractive to potential buyers. Sr del Moral estimated that new capital and the write-off of debts alone had cost the Spanish exchequer Pta 8.5bn (\$58m).

A further and considerable sum, which Sr del Moral did not reveal, was spent, using special funds, to complete a loss-making housing project in Iraq. Sr del Moral said the Iraq contract had been signed in 1981 with a cash down payment to Hispano Alemana of \$25m but that work had still not commenced when the company was expropriated along with the rest of the holding two years later.

Rumasa was expropriated following allegations that it was on the verge of a bankruptcy that would have rocked the Spanish financial system. The holding's founder and erstwhile chairman, Sr Jose Maria Ruiz-Mateos, is at present living in West Germany and is fighting extradition to Spain on a variety of charges, among them fraud.

Hispano Alemana is among the top 10 Spanish construction firms and earned itself considerable prominence with a contract to build and refurbish Spanish stadiums for the 1982 World Cup. The Iraq contract, which involved the construction of 25,000 housing units, was its first venture outside Spain.

The company's turnover last year stood at Pta 26.9bn, and its consolidated account last April 30 showed a negative net worth of Pta 215m.

Sr del Moral said Transworld Constructors was a consortium that had been formed ad hoc to acquire the Spanish company. The consortium paid Pta 1bn for a 100 per cent shareholding in Hispano Alemana.

The U.S. groups Gidwitz and Erickson have a 20 per cent shareholding each in the consortium, the Swiss group Burgert a 26 per cent stake, the Dutch group Riteco 24 per cent and the Mexican investment group Fernandez a 10 per cent stake.

DnC seeks to raise \$200m

By Peter Montagnon in London

DEN NORSKE Creditbank is to raise up to \$200m in the Euro-markets through the launch of a Euro-commercial paper programme designed to diversify its sources of funds.

Credit Suisse First Boston, Merrill Lynch and Morgan Stanley are to be dealers in the paper, which has been rated A1 plus by Standard & Poor's, the U.S. credit rating agency.

This is only the third issue of Euro-notes or commercial paper to be rated by Standard & Poor's after Commonwealth Bank of Australia and CSB Finance. It follows a growing belief in the marketplace that rating of issues will help dealers place paper with non-bank investors.

Den norske said yesterday its paper would be sold without underwriting back-up or tender panel system through the three designated dealers, which will bid for it and distribute it on a best-efforts basis.

The structure allows for interest rates to be set on an absolute basis without reference to a benchmark rate such as Libor (London inter-bank offered rate for Eurodollar deposits) and with same-day settlement of funds.

© Pirelli, the Italian tyres and cables group, will raise 400m in sterling as part of plans for a foray into the Euro-currency convertible market. The offering, which is to be twinned with issues of \$50m and DM 100m, may go ahead this month.

International bond service, Page 22

EUROBONDS

First Euroyen floater launched

By Maggie Urry in London

THE EUROYEN market took another step towards liberalisation yesterday with the launch of the first Euroyen floating-rate note, by Credit Foncier, while the opening of the Euroyen zero-coupon market by Swedish Export Credit is expected soon.

Credit Foncier's Y15bn issue, which has been expected for some days, is led by IBI International and has a French Government guarantee. The 12-year issue pays interest at 1/2 per cent above six-month London interbank offered rate (Libor) for yen - currently 6 1/2 per cent. The proceeds are thought to be earmarked to repay a syndicated loan that paid a margin over Japanese long-term prime rate, which is 7 1/2 per cent.

The issue carries commissions of 18 basis points, and traded well inside that level at a discount to the par issue price of around 4 basis points. More issues are likely, although the Euroyen market is small and the bonds cannot be sold into Japan, the main source of demand for floaters, for six months.

Meanwhile, the Eurodollar market was again unsettled by the decline of the currency and no new fixed-rate issues were launched. Hongkong and Shanghai Bank launched a \$400m perpetual floater, led by Lloyds Merchant Bank, paying an interest rate of 35 per cent over six-month Libor. Fees of \$5 ba-

sis points were lower than on some of the earlier perpetual issues by banks which, like this, count as primary capital. However, the bank is a good credit and the paper was finding good demand in the Far East.

The New Zealand dollar Euro-bond new issue market was active once more, with borrowers hoping to tap demand from investors looking for high coupons and a stronger currency than the U.S. dollar. Two issues were launched, each of NZ\$50m, while Morgan Guaranty increased its issue for DG Bank from NZ\$350m to NZ\$75m in response to strong demand.

The first deal launched was for Christiana Bank with a three-year life and 16 1/2 per cent coupon with a par issue price. Lead manager is Banque Paribas. The other was also a three-year issue for Privatbanken, led by Morgan Stanley. This has a 16 1/2 per cent coupon and 100 1/2 issue price. Both are swaps into floating-rate dollars.

The Australian dollar sector also saw a new deal, an A\$50m issue for Rural and Industries Bank of Western Australia. This matures in 1988 and pays a 13 1/2 per cent coupon with a 102 issue price. The issue price was set at that level because of the related swap. Merrill Lynch is the bookrunner on the deal. Fees total 1 1/4 per cent and the bonds were quoted within that level.

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New Issue / June, 1985



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DAIWA CABLE 28/4/85	8.00 8.50	0.50 3.12 4.20
DAIWA CABLE 1/11/85	10.00 11.50	1.50 3.12 4.20
J.S.R. 28/4/85	6.50 8.00	1.50 3.12 4.20
JUSCO 22/12/85	74.00 78.00	4.00 3.12 4.20
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MITI SUI 10/2/85	30.00 32.00	2.00 3.12 4.20
MITI SUI 18/1/85	10.50 12.00	1.50 3.12 4.20
MITI SUI PET CHEM 15/2/90	25.50 28.00	2.50 3.12 4.20
NIPPON MIN 17/3/85	81.00 91.00	10.00 3.12 4.20
NIPPON MIN 19/6/85	18.00 19.50	1.50 3.12 4.20
NISSHO IWA 1/2/85	16.50 18.00	1.50 3.12 4.20
NOMURA 31/10/85	88.50 91.00	2.50 3.12 4.20
OHYASUMI GUMI 5/4/85	49.00 52.00	3.00 3.12 4.20
OHYASUMI GUMI 3/3/85	6.50 8.00	1.50 3.12 4.20
ONODA CEMENT 10/4/85	45.00 48.00	3.00 3.12 4.20
ONODA CEMENT 28/2/85	21.50 23.00	1.50 3.12 4.20
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RYOBI LTD 25/5/85	10.50 12.00	1.50 3.12 4.20
SEINO TRADING 17/3/85	54.00 58.00	4.00 3.12 4.20
SONY CORP 30/3/85	16.50 18.00	1.50 3.12 4.20
SUMI CONSTRUCTION 24/3/85	12.00 13.50	1.50 3.12 4.20
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TOKYO DEP 20/1/85	16.50 18.00	1.50 3.12 4.20
TOKYO DEP 20/1/85	16.50 18.00	1.50 3.12 4.20
YAMAMURA GLASS 8/5/90	56.00 58.00	2.00 3.12 4.20
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INTERNATIONAL COMPANIES and FINANCE

Sika hopes to seal its success in U.S.

SIKA, a leading international producer of building chemicals and sealants, plans a big assault on the U.S. market as part of a strategy to broaden its geographic spread and product range, writes Andrew Baxter, recently in Zurich.

The Swiss-based group, best known for its additives to improve the workability and strength of concrete, is hoping to reduce its dependence on the cyclical European construction industry, hitherto the backbone of its business.

"The U.S. market now has No 1 priority," said Herr Emil Rebmann, senior vice-president for finance at the Sika Finanz parent company.

While Sika is well-known in in-

dustry, it is hardly a household name, despite claiming world leadership for several of its products. The company does not sell in the highly-visible do-it-yourself market, and its additives and sealants are by their nature unlikely to be on view when a building is completed.

At the same time, Sika's executives, with typical Swiss reticence, prefer to stay out of the limelight. However, Sika's 75th birthday this year called for a little celebration, and last month the company let its corporate hair down — by Swiss

standards, at least — by inviting 1,200 employees and guests to a marathon six-hour banquet, interlarded with brass bands, drum majorettes, speeches and cabaret acts.

The anniversary comes half-way through a decade that has not been easy for Sika. Group net earnings slumped 20% in 1984, and Sika's 15.5m a year from 1981 to 1983, depressed by the recession in the building industry, exchange-rate factors and acquisition costs. However, profits last year rose 13 per

cent to SwFr 17.4m (\$6.97m) on sales of SwFr 670.8m, and Sika hopes for further improvement as it taps new markets.

Although Sika has had a U.S. subsidiary since 1936, it had for many years been starved of investment. Mr Rebmann indicated. This policy had been reversed as Sika realised its best opportunities for growth lay in the U.S. Mr Rebmann said this was because the U.S. market, despite being very competitive, offered "freedom and capitalism."

The nature of Sika's products

as several European companies have found to their cost.

Instead, Sika plans to "grow by our own means," according to Mr Rebmann. To this end Sika has in the past few weeks bought the fixed assets of Hunt Process, a West Coast manufacturing company, for \$1m. It did not buy the company itself but will use the plant to make a wide range of Sika products for the California market.

Sika's North American turnover rose 37.5 per cent last year to SwFr 79.8m. This compares with a 6.4 per cent rise in Europe, and an increase of just 1.9 per cent in South America, where Sika has been active in recent years.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for July 11.

U.S. DOLLAR	Change on					Change on				
STRAIGHTS	Issued	Bid	Offer	day	Yield	Issued	Bid	Offer	day	Yield
Ameri Corp 10% 00	100	100 1/2	101 1/2	+0 1/2	10 1/2	100	100 1/2	101 1/2	+0 1/2	10 1/2
Ameri Corp 12% 85	100	100 1/2	101 1/2	+0 1/2	10 1/2	100	100 1/2	101 1/2	+0 1/2	10 1/2
Ameri Corp 15% 90	100	100 1/2	101 1/2	+0 1/2	10 1/2	100	100 1/2	101 1/2	+0 1/2	10 1/2
Bank of Tokyo 13% 91	100	100 1/2	101 1/2	+0 1/2	10 1/2	100	100 1/2	101 1/2	+0 1/2	10 1/2
BP Capital 11% 92	100	100 1/2	101 1/2	+0 1/2	10 1/2	100	100 1/2	101 1/2	+0 1/2	10 1/2
Calsonic Nat'l 13% 91	100	100 1/2	101 1/2	+0 1/2	10 1/2	100	100 1/2	101 1/2	+0 1/2	10 1/2
Canada 11% 90	100	100 1/2	101 1/2	+0 1/2	10 1/2	100	100 1/2	101 1/2	+0 1/2	10 1/2
Canada 12% 85	100	100 1/2	101 1/2	+0 1/2	10 1/2	100	100 1/2	101 1/2	+0 1/2	10 1/2
Canada 15% 90	100	100 1/2	101 1/2	+0 1/2	10 1/2	100	100 1/2	101 1/2	+0 1/2	10 1/2
Chrysler 11% 90	100	100 1/2	101 1/2	+0 1/2	10 1/2	100	100 1/2	101 1/2	+0 1/2	10 1/2
Comd Corp 11% 91	100	100 1/2	101 1/2	+0 1/2	10 1/2	100	100 1/2	101 1/2	+0 1/2	10 1/2
Denmark 11% 90	100	100 1/2	101 1/2	+0 1/2	10 1/2	100	100 1/2	101 1/2	+0 1/2	10 1/2
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Westdeutsche Landesbank Girozentrale

All of these securities having been sold, this announcement appears solely for purposes of information.

NEW ISSUE

July 1, 1985

2,500,000 Shares

First Boston, Inc.

Common Stock
(without par value)

The First Boston Corporation

Bear, Stearns & Co.	Alex. Brown & Sons Incorporated	Daiwa Securities America Inc.
Deutsche Bank Capital Corporation	Dillon, Read & Co. Inc.	Donaldson, Lufkin & Jenrette Securities Corporation
Drexel Burnham Lambert Incorporated	Goldman, Sachs & Co.	Hambrecht & Quist Incorporated
E. F. Hutton & Company Inc.	Kidder, Peabody & Co. Incorporated	Lazard Frères & Co.
Merrill Lynch Capital Markets	Montgomery Securities	Morgan Stanley & Co. Incorporated
The Nikko Securities Co. International, Inc.	Nomura Securities International, Inc.	PaineWebber Incorporated
Prudential-Bache Securities	Robertson, Colman & Stephens	L. F. Rothschild, Unterberg, Towbin
Salomon Brothers Inc	Smith Barney, Harris Upham & Co. Incorporated	Swiss Bank Corporation International Securities Inc.
UBS Securities Inc.		Wertheim & Co., Inc.
Dean Witter Reynolds Inc.		Yamaichi International (America), Inc.
Julius Baer International Limited	Banca del Gottardo	Banque Française du Commerce Extérieur
Banque Nationale de Paris (Suisse) SA		Banque de Neufilze, Schlumberger, Mallet
Compagnie de Banque et d'Investissements	Daewoo Securities Co., Ltd.	Hill Samuel & Co. Limited
Interallianz Bank Zurich AG	Samuel Montagu & Co. Limited	Morgan Grenfell & Co. Limited
Pictet International Ltd.		Vereins-und Westbank Aktiengesellschaft

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE

11th July, 1985

KENWOOD

Trio-Kenwood Corporation
(Trio Kabushiki Kaisha)

U.S. \$35,000,000

3¼ per cent. Convertible Bonds 1995

Issue price 100 per cent.

Nomura International Limited	Kyowa Bank Nederland N.V.
Banque Nationale de Paris	Barclays Merchant Bank Limited
Baring Brothers & Co., Limited	Crédit Lyonnais
Daiwa Europe Limited	Deutsche Bank Aktiengesellschaft
Mitsui Finance International Limited	The Nikko Securities Co., (Europe) Ltd.
J. Henry Schroder Wagg & Co. Limited	Union Bank of Switzerland (Securities) Limited
Bank Gutzwiller, Kurz, Buegener (Overseas) Limited	IBJ International Limited
Kokusai Europe Limited	Pictet International Ltd.
Swiss Volksbank	Takagin International Bank (Europe) S.A.
	Yamaichi International (Europe) Limited



CREDITANSTALT-BANKVEREIN

US\$125,000,000
Subordinated Floating Rate Notes 1994

For the six months
11th July, 1985 to 13th January, 1986
the Notes will carry an interest rate of
8¼% per annum and coupon amount of
US\$208.28 payable 13th January, 1986.

Bankers Trust Company, London
Principal Paying Agent

FINANCIAL TIMES

is proposing to publish a Survey on the

UK BUILDING INDUSTRY

on Thursday, November 7 1985

Advertising copy date for this Survey is
Thursday, October 24 1985

For further information please contact:

William Clutterbuck
Advertisement Department
Financial Times, Braeken House
10 Cannon Street, London EC4A 3DF
Tel: 01-248 8000 Ext. 4148

INTL. COMPANIES & FINANCE

Sales of Japan's compact cameras slow sharply

BY CARLA RAPOPORT

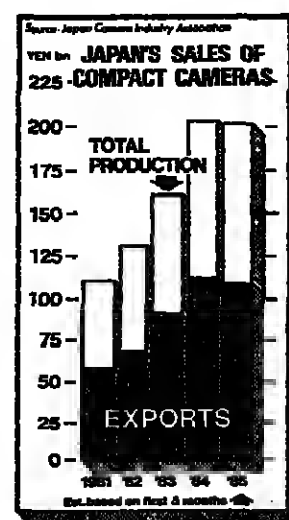
JAPAN'S SALES of compact 35mm cameras—the Wunder-kind of the camera industry over the past five years—are slowing dramatically.

According to industry statistics released this week, sales and exports of compact cameras are expected to show little or no growth this year. Only last year, Japan's exports of compact cameras leapt by 24 per cent, with domestic sales up by 18 per cent.

Japanese camera manufacturers have about 80 per cent of the \$1.1bn-a-year worldwide market for the compact cameras which have extended the 35mm market beyond the traditional single-lens reflex (SLR) models.

The fall-off in growth for the little cameras does not provide good news for the industry. Industry observers point out that camera makers have yet to come up with another product with the same commercial appeal as the compact. Further, production of the small cameras has not yet fallen in line with sales, so many observers predict margins on the cameras to drop precipitously as manufacturers cut prices further to hold up sales.

Production of the compact cameras increased by 10 per cent in the first five months of this year, while the value of domestic sales of the cameras dropped by 0.4 per cent in the



same period. This was the first drop in sales for five years. Exports, which account for about 70 per cent of production, increased by only 4 per cent in monetary terms to ¥48.8bn (\$187m) for the five months.

The slow down in camera sales in the face of increasing production has caused some manufacturers to rethink their domestic rebating policies. Traditionally, retailers receive rebates from manufacturers based on sales volumes. This

has led to heavy discounting by larger retailers at the expense of the smaller shops.

Using the same amount of funds as rebates, some manufacturers are now giving rebates to those retailers which prevent price erosion even if volumes are small. Industry observers are now predicting that the value of sales for compact cameras this year will be around ¥200bn.

For the camera industry as a whole, the value of sales is currently running level to those of last year domestically, with the value of exports down slightly on last year. Last year, total exports were up by 10 per cent in value, thanks largely to the success of the compact.

The Japan Camera Industry Association acknowledged this week that the demand for compact cameras is "approaching a high plateau." Nonetheless, the trade association said the industry was not "losing speed" and pointed to a number of innovations in the SLR camera which are aimed at revitalising this important market.

Production of SLRs increased by 19 per cent in the first five months of this year, but exports, which account for about 80 per cent of the total, were stagnant in unit terms and down slightly in monetary terms in the period.

Singapore's Monitor to close

BY CHRIS SHERWELL, SOUTH EAST ASIA CORRESPONDENT

SINGAPORE'S ONLY English language evening newspaper, the Monitor, is to stop publication at the weekend, just a year after its parent company merged with its greatest rival to create a controversial newspaper monopoly.

The move, which also closes the Monitor's Sunday morning edition, leaves the field clear in the island's English language market for the daily Straits Times, which publishes in the morning.

A statement yesterday from the Monitor's parent, Singapore News and Publications (SNP), said the five-year-old paper had exhausted its initial capital of S\$320m (US\$89.1m) and that the company itself owed S\$6.8m.

The shareholders, which include some of Singapore's biggest banks, could not justify further capital injections.

SNP merged last year with the rival Straits Times Press and Times Publishing, its sister

company, to form Singapore Press Holdings, one of the largest media groups in Asia with a market capitalisation of \$1.4bn.

At that time there were assurances that competition would be preserved in Singapore's newspaper industry, and yesterday's statement insisted that the Monitor's closure was a consequence of trading difficulties which would have materialised even without the merger.

Honda to take 10% stake in Telco

By R. C. Murthy in Bombay and K. K. Sharma in New Delhi

HONDA MOTOR of Japan is to take a 10 per cent stake in Tata Engineering and Locomotive Company (Telco), India's leading producer of commercial vehicles, as part of a technology accord which will assist it to break into the passenger car market.

An agreement signed between the two companies in Tokyo yesterday envisages an initial 1987 output of 10,000 cars, based on the Honda Accord. This is due to rise to some 40,000 over the following five years.

Telco is to invest Rs 2bn (\$161.8m) in the project, at a plant to be located adjacent to its existing truck manufacturing facilities in Poona, some 125 miles (200 km) south of Bombay.

Honda's stake, which will be acquired through an expansion of Telco's capital, is expected to be worth some ¥5bn (\$20.8m). As a shareholder it will join Daimler-Benz of West Germany, which has long-standing links in supplying technology for commercial vehicle production and holds about 13 per cent of Telco's existing equity.

The Accord, Honda's new four-door subcompact, as produced by Telco will have an unspecified indigenous content. By 1991, however, it is intended to become almost wholly domestically produced.

Under the agreement signed between Mr S. Moolgokkar, chairman of Telco, and Mr Tadashi Kume, Honda's president, the Japanese company will supply the technology needed for the venture. The deal remains subject to the approval of the Indian Government.

The announcement came in conjunction with results from Honda for the first quarter to May. These showed a 59 per cent jump in net profits to ¥45.28bn (\$185.4m) against ¥28.45bn (\$116.5m) in the previous quarter. At the pre-tax level earnings reached ¥94.77bn compared with ¥86.07bn, on sales of ¥731bn against ¥689bn.

JAPANESE RESULTS

CASIO COMPUTER OFFICE ELECTRONICS

Year to	Mar '85	Mar '84
Revenue (bn)	234	200
Pre-tax profits (bn)	25.7	19.98
Net profits (bn)	5.09	5.86
Net per share	47.91	48.42

MITSUBISHI HEAVY INDUSTRIES HEAVY MACHINERY

Year to	Mar '85	Mar '84
Revenue (bn)	3,457	3,330
Pre-tax profits (bn)	114.07	60.82
Net profits (bn)	40.38	27.28
Net per share	15.77	10.83

TAISEI CONSTRUCTION

Year to	Mar '85	Mar '84
Revenue (bn)	1,148	1,078
Pre-tax profits (bn)	31.46	35.16
Net profits (bn)	12.21	13.54
Net per share	15.77	17.46

TORAY INDUSTRIES SYNTHETIC FIBRES

Year to	Mar '85	Mar '84
Revenue (bn)	794	737
Pre-tax profits (bn)	28.89	17.58
Net profits (bn)	13.89	12.58
Net per share	11.44	10.81

The Bank of Nova Scotia

U.S. \$200,000,000 Floating Rate
Debentures Due July 1994
For the six months ended
11th July, 1985 to 13th January, 1986
the Debentures will bear an interest
rate of 8¼% per annum with a
Coupon Amount of US\$419.79
payable 13th January, 1986

Bankers Trust Company, London
Agent Bank

NOTICE OF REDEMPTION

PRIVATBANKEN A/S

NOTICE TO THE NOTE HOLDERS OF 12½% NOTES

DUE 6TH FEBRUARY, 1995

Notice is hereby given that pursuant to the terms of the 12½% Notes, US\$4,090,000 principal amount of 12½% Notes has been drawn by lot by the undersigned, in the presence of a notary public, for redemption on the 12th August, 1985.

The said 12½% Notes so called for redemption will therefore be redeemed on the 12th day of August, 1985 at 101% of the principal amount so called, plus accrued and unpaid interest to the date of redemption if applicable upon surrender of the said Notes with, thereto attached, all interest coupons, maturing 6th February, 1986, and thereafter at any of the following paying agents:

- Manufacturers Hanover Limited, 7, Princes Street London EC2P 2EN.
- Manufacturers Hanover Bank Belgium S.A./N.V., Brussels Head Office, Rue de Ligne 13, B-1000 Brussels.
- Manufacturers Hanover Bank Luxembourg, S.A., 39 Boulevard Prince Henri, Luxembourg.
- Manufacturers Hanover Trust Company, Stockenstrasse 33, 8002 Zurich.

Notice is also hereby given that interest upon Notes so called for redemption shall cease to be payable from and after the said redemption date, namely the 12th day of August, 1985 and coupons for interest maturing after the said date, namely the 12th day of August, 1985, shall be void.

The numbers of the Notes so called for redemption are:

00353	00579	00693	02020	02680	03168	03261	03288
03712	04693	04834	04976	08569	09442	09457	10432
10851	11300	15520	15586	15623	16982	16854	16913
17502	18176	18554					

Also, all Notes of which the last two digits of serial numbers are any of the following:

07	09	36	40	52	71

The principal amount of 12½% Notes outstanding after the said redemption date will be US\$3,580,000.

12th July, 1985

MANUFACTURERS HANOVER LIMITED,
Principal Paying Agent

This announcement appears as a matter of record only

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Managers

N M Rothschild & Sons Limited
LondonLa Compagnie Financière
Paris

Underwriters and Tender Panel Members

N M Rothschild & Sons Limited
The Fuji Bank, Limited
Banque Française du Commerce Extérieur (London Branch)
The Industrial Bank of Japan, Limited

Crédit Commercial de France (London Branch)
The Long-Term Credit Bank of Japan, Limited
Banque Nationale de Paris p.l.c.
The Taiyō Kobe Bank, Limited

Tender Panel Members

Banco di Roma (London Branch)
Deutsche Bank Aktiengesellschaft (London Branch)
Morgan Guaranty Trust Company of New York

Banque Belge Limited
Samuel Montagu & Co. Limited
The Sanwa Bank, Limited

Tender Panel Agent

N M Rothschild & Sons Limited

May, 1985

UK COMPANY NEWS

Tony Jackson looks at Siebe's latest purchase Taking a fresh breath of air

IF FIRST reactions in the stock market are anything to go by, the engineering company Compair is an undesirable property.

On yesterday's announcement of Compair's purchase by fellow-engineer Siebe from I. C. Gas, Siebe's shares slumped initially by 55p to 560p (they later recovered to 565p), while I. C. Gas shares celebrated the occasion by jumping 18p to 323p.

The reality may be more complex in the market's eyes, it was never quite clear why I. C. Gas bought Compair in the first place.

As an exploration company in the North Sea and elsewhere, I. C. Gas might have seen Compair — the world's third largest maker of compressed air equipment — as a partner in certain aspects of drilling technology.

However, Compair's financial performance after its 250m acquisition by I. C. Gas in 1980 was not encouraging — in the year to April 1984, it lost 50.8m at the pre-tax level.

The market's reaction to the investment by I. C. Gas is therefore hardly surprising, even if Compair has now sharply improved its performance in the latest year to a pre-tax profit of 52.2m.

As for Siebe, the slump in the share price may well have less to do with the logic of the purchase than with the manner of its financing.

Siebe, whose shares are tightly held, is proposing a very heavy rights issue — on a one-for-one basis — at a discount of around one-third to the previous market price.

Apart from the natural effect of such an issue, the market's highly nervous state is not

presently suited to companies making ambitious cash calls for the purpose of doubling their size (Siebe's turnover last year was £212.6m; Compair's £218.2m).

However, Siebe has a better case than most for claiming that elusive quality to acquisitions, synergy. Managing director Mr Barrie Stephens says: "The product is round the world is spot on. We are engineers with a profound knowledge of fluid engineering, and they specialise in gas engineering."

WITH pre-tax profits showing a rise of £5.22m in the 53 weeks to April 6 shareholders of Siebe are to receive a 2.35p bigger dividend of 11.5p, the final being 8.17p.

The directors say they are confident that the excellent prospects for the group, which will be enhanced by the acquisition of Compair, will enable them to continue to pursue a progressive dividend policy.

"For the past 40 years, we have licensed equipment of theirs for breathing apparatus and diving equipment. In the last three years we have licensed their resuscitation equipment. And in Australia, for example, they do all of our servicing and some specialised manufacturing."

In terms of the origins of the two companies, the relationship is close. Siebe effectively invented diving technology, and until recently was a manufacturer

of air bottles and other diving equipment for the consumer market — it now makes only for military use.

The vital element in diving, of course, is compressed air. Compair is the world's third biggest supplier of compressed air equipment, after Ingersoll Rand of the U.S. and Atlas Copco of Sweden.

More important these days, however, is the garage market. In the past three years Siebe has embarked on an ambitious

acquisition programme — first Rieth & Co of Germany, a mechanical engineering group, in 1982, then Siebe North of the U.S., a leading maker of safety equipment in 1983, and later the same year Tecalemit, a big producer of garage and filtration equipment.

"We sell a great deal of garage equipment," Mr Stephens says. "That calls for a lot of compressed air. At present we buy very few Compair com-

pressors. We aim to remedy that."

An important aspect of the Compair deal is that it will reduce Siebe's gearing. The previous three acquisitions were all debt-financed, with slightly unnerving effects on Siebe's balance sheet.

Eighteen months ago, Siebe's borrowings were around the same size as its shareholders' funds. By the latest year end — helped by much improved profits from Tecalemit — gearing had dropped by 74 per cent. After the rights issue and acquisition, the figure will fall further to 63 per cent.

Siebe takes the view that Compair's prospects will push gearing down further again. "They're superbly equipped," Mr Stephens says. "I. C. Gas invested in them heavily — and steadily — across a very wide range. They're one of the best specialists in Western Europe."

The acquisition, however, is only one shot in Siebe's locker. The group is remarkably diverse already. It makes fire engine ladders, protective equipment including gas masks against nuclear or bacteriological attack, and wound dressings and sterile solutions for the U.S. health care industry.

As a bonus, it claims to be the UK's biggest manufacturer of filters for the lager and wine industry.

Bold though the Compair deal looks, Siebe is evidently a company to watch. "There is an element of the aggressive conglomerate about them," says one City analyst, "and they're getting to the stage where their size might make that credible."

AS THE attributable losses approach £1m for the year ended March 31, 1985, textile manufacturer and commission drier Hicking Pentecost, has decided on an ambitious investment programme in new technology for its loss-making knitwear business.

It is proposing to raise some £1.75m net by an underwritten rights issue of up to 3,827,200 shares at 50p each, on the basis of 3-for-2. This will strengthen the capital base and immediately be utilised in reducing debt.

Trading losses and reorganisation costs of recent years have led to a significant reduction in accumulated reserves and an increase in core borrowing requirement, which is currently some £2m. Also the financing requirement rises on a seasonal basis through the summer by a further £2m to finance the knitwear business.

Consequently, the level of borrowing is disproportionately relative to the size of the company, the directors explain.

They intend that the company should return to the dividend list as soon as prudently possible, but do not expect this to happen in the current year. The last payment was a 2p interim in respect of 1982-83.

In the year ended March 31, 1985, turnover fell to £12.68m (£13.4m), gross profit to £1.73m (£2.06m), and at the pre-tax level there was a loss of £380,000 (profit £28,000). Adding £589,000 for a further provision to complete the knitwear reorganisation and improve the finishing, dyeing and commissioning business, brings the attributable loss up to £949,000 (£374,000).

Since Mr Stephen Hyde became managing director last December, he has organised an

assessment of the group's position and of the further action necessary to restore profitability.

The current year will see the beginning of a significant programme of change aimed at generating a recovery in fortunes. Immediate objectives are to eliminate the losses and improve performance. Senior managers are being made more accountable and financially disciplined, and this is backed up by greater personal incentives, including the proposed introduction of a stock option scheme.

The directors stress that the programme is ambitious and will take time, money and skill to implement. However, they believe the business will become soundly based, profitable and capable of further expansion and development.

Majority of turnover is derived from the knitwear operations, with the balance from the commission dyeing and finishing of knitted fabrics and lace. The latter's performance fell substantially short of the previous year, with the profit at £25,000 (£285,000).

Underwriters to the issue are Robert Fleming and brokers are Laing & Cruickshank. Provisional allotment letter will be sent on July 26 and last day acceptances is August 18. Dealings, all paid, are expected to start on July 29.

Kelvin Watson down as forecast

In line with the prediction made in the interim statement, pre-tax profits of R. Kelvin Watson, Manchester-based optical firm, fell from £578,439 to £452,760 in the year to March 31, 1985.

During the first quarter of the current year the retail practices have been relatively quiet after the busy months of February and March.

However, the directors say sales of contact lenses, The Kelvin Watson, have been encouraging and the group has become market leader in gas permeable contact lens supply.

It is pointed out that although the retail market will undoubtedly expand as a result of the amended legislation, a more commercial and competitive approach is required for established optical companies in order to benefit from an increased public awareness.

The group is developing all its major sales divisions and is confident that if present trends continue, results in the current should improve.

Turnover for 1984/85 rose from £2,022m to £2,101m. Tax accounted for £175,317 (£250,402). Earnings per 10p share emerged at 8.2p (8.88p).

SIMON ENGINEERING has purchased through a new subsidiary the business and certain of the assets of Macanber Engineering from the joint receivers and managers. Final consideration will be approximately £1m in cash.

This notice appears in accordance with the requirements of the Council of The Stock Exchange. The Council has admitted to listing the securities mentioned below.



C H Industrials PLC
(Incorporated in England No. 284487)

Issue of
5,256,878 7 per cent. Convertible Cumulative Redeemable Preference Shares of £1 each at par

by way of rights to holders of Ordinary Shares

Details of the above securities will be contained in the new issue cards to be circulated in the statistical service maintained by Exel Statistical Services Limited.

Copies of the listing particulars relating to the issue may be obtained from the addresses below and also from the Company Announcements Office, The Stock Exchange, London EC2 during the two business days following the date of publication of this notice.

C H Industrials PLC
33 Cavendish Square,
London W1M 9HF

Grievson, Grant and Co.,
Barrington House,
59 Gresham Street,
London EC2P 2DS

Lloyds Bank Plc,
Registrar's Department,
Issue Section,
P.O. Box 1000,
61 Moorgate,
London EC2R 6BL

Kleinwort, Benson Limited,
20 Fenchurch Street,
London EC3P 3DB

12th July, 1985

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

FKB Group plc

(Registered in England under the Companies Act 1948 to 1981 No. 1616274)

Placing
by

COUNTY BANK
LIMITED

of 1,787,588 shares of 5p each at 140p per share

Authorised
£625,000

Share capital
shares of 5p each

Issued and to be
issued fully paid
£445,000

FKB Group plc is the holding company of a sales promotion consultancy group which offers a wide range of sales promotion and related services.

Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the shares of FKB Group plc in the Unlisted Securities Market. It is emphasised that no application has been made for these securities to be admitted to listing.

A proportion of the shares being placed has been offered to, and is available to, the public through the market during market hours today. It is anticipated that dealings will commence on Wednesday, 17th July, 1985.

Particulars relating to the Group are available in the Exel Statistical Services and copies of the Placing document may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including 26th July, 1985 from:

County Bank Limited
11 Old Broad Street,
London EC2N 1BB

James Capel & Co.
Winchester House,
100 Old Broad Street,
London EC2N 1BQ

12th July, 1985

Cannon Street back with USM listing

BY LUCY KELLAWAY

Cannon Street, Investments, whose shares were suspended in 1974 following the collapse of its subsidiary bank, Cannon Street Acceptances, has re-emerged on the USM.

Application has been made for an introduction of the shares, and dealings are due to start on July 18.

In 1974 the company was prevented from going into liquidation when National Westminster, which had £18m in loans outstanding, agreed to convert some £3.5m into equity, gaining control of 64 per cent of the company.

After a steady programme of asset sales the loss had been repaid by 1979 and in March this year Mr Bill Hislop, the chairman and managing director, mounted a £1.4m bid for the company, paying 12.5p a share.

He acquired the full NatWest stake, some of which was subsequently placed. Mr Hislop currently owns 48 per cent of the company.

Cannon Street is now a holding company with three main subsidiaries: P. M. Tamson, which distributes 25,000 different items of laboratory equipment in Holland; Gift Hampers, which packs and sells Christmas hampers to the wholesale trade; and Richard Sankey, which makes plastic flowerpots and other garden products.

Last year the company made profits of £373,000 pre-tax on sales of £13.8m.

Following the issue of 1m convertible preference shares earlier this year, gearing has been reduced to around 100 per cent.

Hicking Pentecost cash call to aid knitwear investment

AS THE attributable losses approach £1m for the year ended March 31, 1985, textile manufacturer and commission drier Hicking Pentecost, has decided on an ambitious investment programme in new technology for its loss-making knitwear business.

It is proposing to raise some £1.75m net by an underwritten rights issue of up to 3,827,200 shares at 50p each, on the basis of 3-for-2. This will strengthen the capital base and immediately be utilised in reducing debt.

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Consequently, the level of borrowing is disproportionately relative to the size of the company, the directors explain.

They intend that the company should return to the dividend list as soon as prudently possible, but do not expect this to happen in the current year. The last payment was a 2p interim in respect of 1982-83.

In the year ended March 31, 1985, turnover fell to £12.68m (£13.4m), gross profit to £1.73m (£2.06m), and at the pre-tax level there was a loss of £380,000 (profit £28,000). Adding £589,000 for a further provision to complete the knitwear reorganisation and improve the finishing, dyeing and commissioning business, brings the attributable loss up to £949,000 (£374,000).

Since Mr Stephen Hyde became managing director last December, he has organised an

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE

9th July, 1985



KYOTARU CO., LTD.

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Issue price 100 per cent.

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Dai-ichi Kangyo International Limited
Genossenschaftliche Zentralbank A.G. Vienna
Merrill Lynch Capital Markets
Union Bank of Switzerland (Securities) Limited

Fuji International Finance Limited

Credit Suisse First Boston Limited
Daiwa Europe Limited
Lazard Brothers & Co. Limited
Sanwa International Limited
Yamaichi International (Europe) Limited

The Sumitomo Trust and Banking Co., Ltd.
LONDON

U.S. \$15,000,000

Floating Rate U.S. Dollar Negotiable
Certificates of Deposit
Due 19 August 1986
Callable at the issuers option
on the 19 August 1985

In accordance with the terms set out in the Certificates Sumitomo Trust and Banking Co., Ltd. have elected to exercise their call option. The Certificates will therefore mature on the 19th August 1985 and payment will be effected on the principal amount plus interest at 9¾% p.a. at Sumitomo Trust and Banking Co., Ltd., London.

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CONTACT: JEREMY AITCHISON

This advertisement complies with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to subscribe for or purchase any securities.



Nippon Telegraph and Telephone Corporation

(Incorporated in Japan under the Japanese Commercial Code and The Nippon Denshin Denwa Kabushiki Kaisha Law)

US\$100,000,000

10% Notes Due 1992

The following have agreed to purchase the Notes:

MORGAN GUARANTY LTD

NOMURA INTERNATIONAL LIMITED

BANK OF TOKYO INTERNATIONAL LIMITED

DEUTSCHE BANK AKTIENGESELLSCHAFT

GOLDMAN SACHS INTERNATIONAL CORP.

KLEINWORT, BENSON LIMITED

THE NIKKO SECURITIES CO., (EUROPE) LTD.

SALOMON BROTHERS INTERNATIONAL LIMITED

SWISS BANK CORPORATION INTERNATIONAL LIMITED

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DAI-ICHI KANGYO INTERNATIONAL LIMITED

CREDIT SUISSE FIRST BOSTON LIMITED

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IBJ INTERNATIONAL LIMITED

MORGAN STANLEY INTERNATIONAL

PARIBAS LIMITED

SMITH BARNEY, HARRIS UPHAM & CO. INCORPORATED

UNION BANK OF SWITZERLAND (SECURITIES) LIMITED

YAMAICHI INTERNATIONAL (EUROPE) LIMITED

Application has been made to the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland for the Notes, to be issued at 99¾%, to be admitted to the Official List. Interest on the Notes is payable annually in arrears on 31st July, commencing on 31st July, 1986.

Listing Particulars relating to Nippon Telegraph and Telephone Corporation and the Notes are available in the Exel Statistical Service. Copies of such Listing Particulars may be obtained during usual business hours up to and including 16th July, 1985 from the Company Announcements Office of The Stock Exchange and up to and including 26th July, 1985 from:

Morgan Guaranty Ltd
30 Throgmorton Street
London EC2N 2NT

12th July, 1985

Hoare Govett Ltd.
Heron House
319-325 High Holborn
London WC1V 7PB

Morgan Guaranty Trust Company of New York
Morgan House
1 Angel Court
London EC2R 7AE

UK COMPANY NEWS

Tadcaster strike pegs Imps growth

THE STRIKE at the Tadcaster brewery last November has restricted profits growth at Imperial Group. Although pre-tax figures rose from £90.7m to £96.3m for the half year to April 30, 1985, the directors say the result would have been significantly higher had it not been for the dispute.

First-half turnover of the group—which has interests in tobacco, food, brewing and leisure—increased from £2.18bn to £2.44bn, net of intra group sales. The directors say the greater part of profits will again be earned in the second half, but various factors make forecasting at this stage particularly difficult.

At the annual meeting in March, they had predicted a useful advance for the first six months.

Imperial Tobacco profits improved from £55.7m to £68.8m in the half year. The division had an extremely strong six months, with the successful marketing of its leading brands and heavy trade buying ahead of the Budget.

However, the directors say second-half profits will be lower

due to a combination of high trade stocks at the start of the period, some reduction in cigarette volumes following tax increases well in excess of inflation and growing competition from the ultra low price segment of the market.

In the brewing and leisure divisions, the impact of the Tadcaster strike reduced profits by over £5m. Within the total figure of £32.5m (£32.2m), trading results were up by £1.5m as the company began to see the benefits from recent heavy investment in its pubs, while profits from sales of licensed properties were down £1.5m to £4.8m. The second half is expected to show a substantial improvement in overall profits.

The directors say the food division had an excellent first half, with profits up from £12.1m to £15.2m. The improvement was due to strong performance across the division, with nearly all companies making an increased contribution. However, a protracted strike at the four Golden Wonder factories, which began at the end of May, will have a serious impact on the

division's results for the second half.

The Howard Johnson result remains unsatisfactory, the directors state, losses were higher at £8.6m (£2.8m) and again the main difficulty was on the restaurant side. The lodges and hotels were able to improve their market position in what is traditionally the low season.

The group's interest payments increased by £3.4m, partly reflecting the transitional funding needs of the new hotel developments at Howard Johnson, prior to entering into management contracts.

At the AGM the company said it would make an announcement as soon as possible on the future of the Howard Johnson Co. following the completion of the major review into its performance and prospects put in hand last year.

The company had hoped to be in a position to make that announcement by now. However, the detailed discussions with third parties, which were essential before the board could decide whether to retain Howard Johnson within the group or recom-

mend its disposal, have taken rather longer than expected.

These discussions are still in progress, and an announcement of the board's decision, one way or the other, will be made at the earliest moment.

The group is maintaining the interim dividend at 3p net per share—last year's total was 6.55p on £220.5m pre-tax profits.

First-half operating profits improved from £97.3m to £105.8m, struck before share of associated profits of £1.3m (£1.8m) and interest charges, less investment income, of £10.8m (£8.1m).

Tax took £27.6m (£23.2m re-stated)—the group's overall rate of corporation tax is again expected to be lower in 1985, with an effective rate of 28.7 per cent.

There were extraordinary credits this time of £4.6m (£15.8m debits), with reorganisation and closure costs more than offset by extraordinary profits from property sales, including the disposal of the Reading brewery site.

The shares yesterday closed 9p lower at 170p.

See Lex

Disputes leave Birmid £1m down

POOR FIRST quarter figures, which were exceptionally affected by reduced demand to central heating and prolonged industrial disputes in the mining and automotive industries, have left pre-tax profits of Birmid Qualcast over £1m down at six months.

However, the directors say that subsequent trading has shown a stronger trend and with prospects for the second half described as encouraging they are lifting the interim dividend from 0.66p to 0.75p net.

Turnover pushed ahead from £106m to £111.7m, but operating profits fell by £800,000 to £4.87m before taking account of net interest charges which rose from £687,000 to £1.2m.

The shares yesterday closed 9p lower at 170p.

comment

Birmid Qualcast's first quarter (November-January) was marked by the miners' strike, disruptions in the motor industry, low demand for both heating and kitchen products

—which combined to drag the interim pre-tax below forecasts. Importing foundry coke at 40 per cent above pre-strike prices levels would have added some £1m to

foundry costs, the £1m per cent drop in demand for central heating boilers left a lot of stock on the shelves which pushed up interest costs (as did higher earnings and higher rates). Having introduced a heavier mover of its own the company abandoned its annual television deal

with Flymo on the merits of rotary versus roller blades. And all that rain has kept the grass growing nicely. In the second half the battle is on to try to regain ground and reach last year's profits level. The firm being spent on promoting discounted boilers is, however, mainly aimed at clearing the stock

from the ground. The analysts wary but most expect profits for the year to be only just below that of 1983-84, at around £11m. This has the shares at a price of 16.5p and the net interest dividend is increased to 5p (4.8p) — last year's total pay-

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Rank advances to £63m with all-round progress

Rank Organisation, the leisure concern, lifted pre-tax profits by 31 per cent from £47.5m to £62.8m in the 26 weeks to May 11, 1985. Trading results of the continuing directly managed Rank companies were 43 per cent higher at £24.5m, against £17.1m.

Sir Patrick Meaney, the chairman, says the results provide evidence of the further corporate progress in performance and profitability indicated in the comments made in the last annual report and at the AGM in March.

As part of the long term strategy to increase direct ownership by Rank and phase out cross holdings—the directors of Rank Precision Industries (Holdings) announced the sale of its 70 per cent shareholding in Rank Precision Industries Ltd (RPI) to the Rank Organisation.

One consequence of this is that a Rankway and Sons which holds 38.6 per cent of the ordinary share capital of Rank Precision Industries (Holdings) will receive £28.1m. The directors of Rankway—itsself £1.8m per cent owned by the Rank Organisation—declared an interim dividend of 4p per share and a special interim dividend of 80p per share.

The companies within RPI—Rank Cinel, Rank Electronic Tubes, Rank Pullin Controls, Rank Taylor Hobson and RPI Overseas—now become wholly owned subsidiaries of the Rank Organisation.

All divisions contributed to the profits improvement at Rank. Closing total net debt showed a reduction of £18.5m on the same period last year.

The continuing programme of business improvement and reorganisation progressed through the period. Disinvestment of inappropriate or loss-making activities realised £56m in cash, including the previously reported sale of the Canadian and Belgian investment properties, plus the interest in the Greater Union Organisation and, in addition, the Housewares operation in Australia, Teletext, and four small holiday and caravan sites.

The group's share of Rank Xerox profits was £28.8m (£35.6m), while the share from Rankway associate interests was £2.9m (£1.4m).

Stated earnings per 25p share for the 26 weeks rose from 12.5p to 16.8p and the net interest dividend is increased to 5p (4.8p) — last year's total pay-



ment was 12p on £105.3m pre-tax profits.

Total turnover for the interim period was lower, at £211.8m (£249.5m), although continuing businesses increased to £207.7m (£178m). Trading profits totalled £25.3m (£21.8m), associates added £4.1m (£37m) and interest charges were reduced from £11m to £4.2m. After tax of £34m (£19m), minorities and preference dividends, attributable surplus emerged at £34.2m, against £25.3m.

Total financing costs of £7.5m consisting of interest charges and Australian preference share dividends were £5.7m lower than in the similar period last year, reflecting a reduction in debt and a small decrease in interest rates.

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A Rankway and Sons, a Rank subsidiary, made pre-tax profits of £13.5m (£13.5m) for the 26 weeks. Earnings per 5p share were unchanged at 3.6p. The company's main asset is its holding in Rank Precision Industries (Holdings) of 43.2 per cent of cumulative preference shares and 39.5 per cent of ordinary shares.

Rankway is paying an interim dividend of 4p (same) plus a special interim of 80p out of the special payment to be received from Rank Precision.

Rank Precision Industries (Holdings) increased pre-tax profits from £23.7m to £26.9m in the period.

comment

Grand strategic blueprints are still not much in evidence at Rank, but that is not a lack of which shareholders currently have any reason to complain. Returns in most of the Rank managed businesses are improving quite markedly — profits in film have nearly doubled, while at 5 per cent Rankway has turned over raised profits by 116 per cent. Even the losses in that ill-advised investment, package tourism, should be smaller than last year. If the Rank management can continue to squeeze growth out of these supposedly mature assets, it can also justify paying cash back to them rather than the nattering of a target. As Rank itself performs better, the role of its non-managed assets is becoming more of a burden. But it is not at least stopped losing money, but in the need should surely be either controlled or sold. For the major associate business — Rank Xerox — the position is no clearer; its growth remains relatively disappointing, even setting aside the adverse impact of currency. But it is up to Rankway to buy in the Rank Precision operations — does provide a clear and independent way to value the Rank Xerox investment. Yesterday, by holding Rankway as high as 365p, the market did not seem to be doing this too efficiently, for net funds the value of Rankway shares cut the 80p special dividend is more like 300p.

Applied Holographics rights

BY STEFAN WAGSTYL

Applied Holographics, which raised £22.5m to develop a new process for making holograms when it was floated on the USM last year, is asking shareholders for another £2m with a rights issue.

The company is also raising a

further £1m by issuing shares to NBS, a Canadian charge card company, which will take a 10 per cent stake in Applied.

At the same time, the group has announced a major boardroom shake-up which will leave only one of the five directors who brought the company to market a year ago still in place.

Mr. David Baxall, 48, chairman, who himself joined the company in January, is bringing in new directors, among them, Mr. Clive Raymond, president of NBS.

Mr. Baxall said he planned to switch the company's emphasis from research and development to marketing. So far the company has sold just three of its copiers, which are claimed to produce holograms much cheaper than other processes, but two more sales are on the way. Mr. Baxall hopes to be selling 12 to 15 copiers a year, costing up to £200,000 for each system, in a year's time.

On turnover of £108,760, 23p, down 15p.

Applied made a loss of £1m in the year to the end of March—largely made up of £240,000 written off in research and development. The company's £334,000 has been written off in costs incurred in previous years.

As part of the deal with NBS, Applied and NBS are setting up a joint venture company in Canada to sell hologram copiers in North America. NBS will put in £1m for a 67 per cent stake in the venture. Applied £200,000 for 33 per cent.

Applied has also signed an agreement with Ilford, part of the Ciba-Geigy group, which covers Ilford's setting up a holographic bureau in Paris at a cost of £500,000.

In the rights issue, underwritten by merchant bank Robert Fleming, shareholders and warrant holders are offered one new share at 90p for every three held. This is a deep discount on the current price of Applied shares, which closed at 235p, down 15p.

On turnover of £108,760, 23p, down 15p.

Rothmans' shares hit low as profits slump

Rothmans International's shares yesterday hit a low of 135p for 1985 after Sir Robert Crichton-Browne, the chairman, disclosed a near £30m fall to £121.9m in full year taxable profits.

The results were considerably adrift of forecasts from City analysts who, after making projections of between £170m-£175m last month, had expected the group to at least maintain 1984's level of £151.2m. The shares closed last night at 135p, down 16p on the day.

In addition to yesterday's statement, Sir Robert has sent out a separate letter to shareholders because he feels "there are aspects of these results that deserve explanation."

He attributes the downturn to depressed worldwide demand for tobacco—particularly acute in Europe—and problems stemming from intense competition at the Canadian brewing subsidiary, Carling O'Keefe.

West Germany was the core of Rothmans' tobacco problems and accounted for £23.3m of £32.2m of exceptional costs, while Carling O'Keefe's switch to a new shaped bottle cost a £12.5m write-off in stocks.

Disregarding the exceptional items, Sir Robert says "the underlying results for our tobacco subsidiaries and for brewing cannot be regarded as satisfactory, particularly when we take account of currency movements."

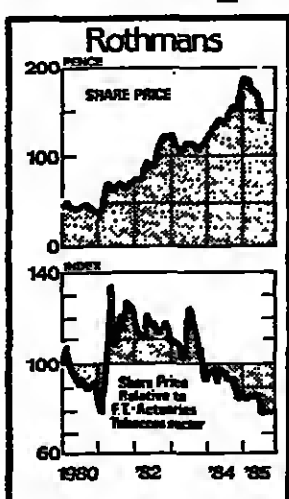
Rothmans has two-thirds of the UK's cigarette export sales and these are mainly dollar denominated. Overall, currency translations in the year to March 31 benefited group profits by about £5m.

Net sales revenue from tobacco advanced from £1.57bn to £1.77bn but after the exceptional items operating profits emerged virtually static at £158.8m, against £158.6m.

Gains were made on the luxury consumer products side (profits rose £20.4m to £37.5m) and in other areas which produced a more than doubled contribution of £26.4m, but these were offset by the slump from £42.7m to £4.2m in brewing.

Sir Robert says the outlook for the group's tobacco business is overshadowed by the continuing need for rationalisation but he is confident that problems in Europe will be solved although "we have some further distance to go before a stable economic base has been reached." Elsewhere on tobacco, however, the associate companies in Australia, Malaysia, New Zealand and Singapore continue to perform well.

Regarding Carling O'Keefe, he says that volume has been lost in the course of the competitive battle and the industry has suffered from industrial disputes. "There is as yet no clear indication when more stable conditions will return," he says.



comment

Rothmans International's shares have been falling from a 200p peak ever since the Canadian company announced their disastrous results in May. But news of the full extent of the group's difficulties, accompanied by a

downward statement from the new chairman, sent the shares down another 16p to 134p. Carling O'Keefe emerges as the company's biggest immediate problem—locked into a cut-throat battle for market share

Carling cannot afford to give any quarter, committed as it is to a £100m investment programme in new brewing capacity. Meanwhile, at the heart of the group, realising the European tobacco business, particularly in West Germany, is proving more difficult to do than could have been expected. It is just as well then that the group's associates—both the tobacco companies in the Far East and elsewhere, and the luxury and other goods companies—continue to perform strongly. But these part-owned businesses cannot compensate for the weakness of the wholly-owned companies—as is clear from the 42 per cent plunge in earnings per share. With the prospect of some recovery to the current year, the shares to a 9.8 multiple should not fall much further, but a more aggressive move away from tobacco is needed to win investor's approval.

DIVIDENDS ANNOUNCED

Company	Current payment	Date	Corresponding div. year	Total last year
Birmid Qualcast	0.75	Sept 13	0.66	3.25
British Building	1.15	Oct 30	2.75	6.5
First Leisure	2.5	Oct 1	2.3	6.4
Granada	2.53	Oct 1	0.8	1.75
Greycoat	1	Oct 31	3	8.55
Imperial Group	4.5	Oct 12	4	6.5
Meadow Farm	4.5	Aug 21	—	6.4
Jones Street	4.5	Sept 2	4.5	6.5
Rankway	5.5	Nov 1	4.8	12
Bothmans	4.2	Oct 1	4.3	13.8
A. Monk	4.5	Aug 16	0.61	0.91
Siebo	0.61	Aug 16	0.55	2.25
Symonds Eng.	0.6	Aug 16	2.95	4.25
Tribune Inv.	2.95	Oct 31	1.5	2
R. Kelvin Watson	1.5	Oct 31	1.5	2
Webber Electrol	1.5	Oct 31	1.5	2

Dividends shown pence per share net except where otherwise stated. Equivalent after allowing for scrip issue. 100 capital increased by rights and/or acquisition issues. USM stock. \$Unquoted stock.

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S. G. WARBURG & CO. LTD, announce that the ninth redemption instalment of Bonds due 15th August, 1985 for a nominal value of U.S.\$1,000,000 has been met by purchases in the market.

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15th August, 1978

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JULY 2010

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The interest payable on the relevant

payment dates October 11,

1985 will amount to US\$202.85 per

US\$100,000 Principal Amount and

will be paid in accordance with the

Terms and Conditions of the Notes.

July 12, 1985

THE CHASE MANHATTAN BANK, N.A.

LONDON, AGENT BANK

There is no present intention to apply for a listing of the shares of the Company on any Stock Exchange nor that application should be made for the grant of permission for dealings in such shares to take place on the Unlisted Securities Market. Hill Woolgar & Company P.L.C. will be making an "Over-The-Counter" market in the Ordinary Shares of the Company.

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(Incorporated in England under the Companies Acts 1948 to 1983)

(registered number 1878917)

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Authorised

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UK COMPANY NEWS

Dominic Lawson on the latest and largest merger in the UK independent oil sector

A bolt from the North Sea for the City

THE AGREED merger between Charterhouse Petroleum and Saxon Oil was a bolt from the North Sea for the City yesterday. But the concept of a merger and takeover among the myriad of small and medium sized UK oil exploration companies has become high fashion, and has helped otherwise inexplorable share price movements in the sector over the past year.

Mr Bill Harrison of Schroder Waggs, merchant bankers, both companies before the deal, says "the merger talk in the independent oil sector is intense and has been going on for some time, and there is a gale blowing out there now. These two have had the guts to pull their fingers out, and actually get the job done."

At Schroder Waggs's offices in the City yesterday, Mr Tony Craven Walker and Mr John Heaney, the chief executives of Charterhouse and Saxon respectively, put a compelling case for the merger.

It will create the biggest spread of acreage in the UK oil scene owned by any independent company, with the exception of Britoil. Yet only three of those many blocks will see an overlap of interests.

While Saxon was busy trying to find someone to finance its share of the development of the Miller field, Charterhouse is sitting on a \$200m cash pile. "Our combined cash flow will enable us to support a massive exploration programme," said Mr Craven Walker.

One of the main objectives of the merger is to forge an international company. The new company—Saxon Petroleum—has set up an "international directorate" to produce a plan for international expansion.

By balancing Saxon's development costs against Charterhouse's production, the group is unlikely to pay much tax over the next seven years, Mr Craven Walker claimed.

Although the 45p jump in Saxon's share price yesterday, suggests that it is getting the better of the merger, Charterhouse has been running into growth problems.

It had always grown by acquiring North Sea interests with equity, but as its share price slumped along with the rest of the sector, paper was no longer an attractive way to buy North Sea acreage. But as a company which has always detested the idea of using cash for acquisitions, a deal of the sort announced yesterday had become compelling logic for Charterhouse.

Since Charterhouse approached Saxon in April, the share prices of the companies have both fallen by about 25 per cent. But the relationship between the two companies' asset values and their share prices has remained constant. Otherwise, said Mr Craven Walker, the deal would not have been possible.

Perhaps the most surprising thing about the merger, is that for several months a major development in a notoriously chatty industry failed to leak out. According to Schroder Waggs,

that is a testament to the lack of animosity to the merger among the directors and staffs of Saxon and Charterhouse.

In 1984, in the early years of North Sea exploration, the number of quoted oil companies barely reached double figures. The number now runs into three figures, with the great majority of the new entrants appearing in the past ten years, since the first North Sea oil production.

Within the industry, from such luminaries as Sir Colin Phipps, the chairman of the British Independent Oil Exploration Association, has come the admission that the sector is undermanaged, with the entrepreneurial talents in the North Sea far too thinly spread.

A second factor is the increasing expense of North Sea exploration, with wells being drilled in ever deeper and more hostile waters, such as West of Shetland, where the small company stands little chance of keeping up with the pace.

At a conference last year Mr Craven Walker, designated chief executive of the new company, put the argument starkly, although long before conceiving of yesterday's marriage band.

"The smaller companies will be taking greater drilling risks because of the move into deeper and more hostile waters and the investigation of riskier prospects. These pressures will encourage rationalisation and the emergence of substantially larger and better diversified British companies."

There has been a few such details carried out in only the past few months. In April, Sertek Exploration (in which Charterhouse holds a 22 per cent stake) made an agreed \$100m bid for Anvil Petroleum. The company said that the merged company would be able to take advantage of strategic opportuni-

ties which are currently unavailable to each because of their relatively small size.

In May, Britoil struck a deal with Hadsom Petroleum, taking over the latter's UK interests for £23m.

Most spectacular of all was the three way merger tug of war between Clyde Petroleum, Aran Energy, Saxon Petroleum and Petrolex. In a whirlwind of deals over the past three months, Clyde bid for Petrolex, only to be topped by an agreed bid from Saxon, which was in turn jumped at the last minute by another agreed bid, worth £15.5m, from Aran.

That incident was at the time a bitter blow for the ambitious Saxon, the chairman of which, Mr John Heaney, evidently decided that there must be a better way of growing big.

The mergers are in part defensive, in that they may enable the combined company to expand overseas, when such an option could not have been considered before. They are also defensive, in that the urge to consolidate will naturally come to sellers of a commodity which is losing its value, and thus stands in the way of organic growth.

Also the presence of Enterprise Oil on the scene may have led to some shotgun marriages. The former oil production arm of British Gas has made no secret of its acquisitive desires, which may lead smaller companies to merge before they get taken over.

See Lex

GRANADA INTERIM REPORT 1985

"Strong positive cash flow has permitted substantial investment in existing and new activities. We are confident of future prospects and are continuing the steady dividend growth."

Alex Bernstein - Chairman

Turnover £395m Up 28%

Profit before tax £28m Up 17%

Dividend 2.53p Up 10%

For a copy of the Interim Report please write to the address below or telephone 01-734 8080



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KIO holds largest stake in Hanson

BY CHARLES BACHELOR

The Kuwait Investment Office, the London-based organisation which handles much of Kuwait's oil wealth, emerged yesterday as the largest shareholder in Hanson, with a stake of nearly 8 per cent.

Hanson, the broadly-based industrial building company with interests in both Britain and the US, announced yesterday that the KIO held 11.2m shares or 7.9 per cent of its equity.

The KIO bought a sizeable number of shares last week when Hanson's shares fell sharply to place just over half of the 200m ordinary shares which became available as part of a £510m rights issue.

Hanson's broker, Hoare Govett, and its merchant banker, N. M. Rothschild, made a mid-night placing of the shares with a small number of institutions after early hopes of a high level of application for the shares were dashed.

A large percentage of these shares went to the KIO though precisely how many was not clear. The KIO is understood to have already held an undisclosed holding—under 5 per cent—in Hanson before last week's placing.

Hanson's shares rose 4p yesterday to 180p to value the KIO holding at £207m.

At the end of Hanson's last financial year, September 1984, the one held a 1 per cent stake or more in Hanson, the company said.

Savoy said that while publicly Lord Forte has said he will never pay the "ridiculously inflated price" for shares he needs to win control he has been doing the opposite in private.

Trusthouse Forte has around 60 per cent of Savoy Group's equity, but because of the share structure it has only 42 per cent of the votes.

THEFT, said that Lord Forte and Mr Rocco Forte were reserving their legal positions in the face of Savoy's personal attacks.

THEFT, however, said that under its present management, the Savoy Group has made a "woefully poor return on its £30m in assets."

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Meadow Farm profits at £1.5m and expanding via acquisition

PROFITS before tax of Meadow Farm Produce, the USM supplier of meat to the catering trade, have expanded from £821,000 to £1.5m in the year ended March 29 1985, and a final dividend of 4.5p is recommended for a total of 6.4p net.

Growth will be continued with the proposed acquisition for £2m of Southern Catering Meats (Tunbridge Wells) which is also a supplier of meat and pushed up its pre-tax profit from £181,000 to £299,000 in its year ended January 28 1985.

Meadow Farm has spent some £1.75m on buildings and equip-

ment and further projects are in train. To eliminate the bank borrowings used and to provide for future expansion, the directors intend to raise some £2.3m net by the placing of 875,000 ordinary shares at 27p each, mainly with investment institutions.

The consideration for Southern Catering will be met by the issue of 579,710 ordinary shares. Of those, 289,855 will be retained as a long term investment by Mr Ivor Bramley, the founder of the company; the balance will be placed on behalf of the vendors at 27p per share.

The 1984-85 results for

Meadow Farm include those of David A. Holding (Catering Butchers), which was acquired on October 15 last. Excluding the pre-acquisition result the profit before tax came to £1.28m.

Apart from the Holding purchase, the company consolidated and increased its sales to existing customers, built and opened on time the factory extension at Milton Keynes, and formed an important trading link with Marks & Spencer.

See Lex

Cornhill Insurance buys 75% of French company

Cornhill Insurance, a member of the BTR Group, has purchased a controlling interest—over 75 per cent—in the Paris-based French insurance company La Defense Mondiale SA.

The holding has been purchased, for an undisclosed cash sum from the present two family shareholders of the company. La Defense Mondiale specialises in commercial and damage insurance. Its current assets amount to FFr 50m (£8.1m) and its premium income in 1984 amounted to FFr 200m (£16.5m). The company made

a marginal profit last year.

Mr W. R. Cornhill, the deputy general manager, said that Cornhill was still a predominantly UK insurance operation, but the aim was to expand its overseas operations on a carefully selected basis, looking for specialist insurance companies. La Defense Mondiale fitted into this category and the intention was to keep it specialised and let it expand in its own specialist areas.

Cornhill will probably seek to buy the balance of the company in due course.

Plessey shows £3m fall after first three months

BY JASON CRISP

THE GLOOM surrounding the electronics sector has promised Plessey to give an early indication of results for the first quarter of the financial year which ended in June.

Sir John Clark, chairman of Plessey, told the annual meeting yesterday that management accounts showed pre-tax profits for the first quarter were £39m compared with £42m in the same period last year.

The fall in profits is significantly less than had been expected by analysts. The main reason for the fall was the lower revenue from main telephone exchange equipment and a

fall in net interest receivable.

Sales of the old TXEA exchanges in the three months were substantially less than a year ago. The TXEA is a product which has been phased out. Production of TXEA has now ended and Plessey has announced the closure of the Huxton plant which made it.

Sales of System X, the new digital telephone exchange, have increased significantly but not sufficiently to replace the loss of TXEA.

The full details on Plessey's also 1984-85 results, as published as originally scheduled on August 15.

Stanelco agrees terms

Terms have been agreed for Stanelco, maker of induction heating equipment, to acquire Thermex-Thermatron, thereby broadening its product range and giving it access to the US market. The consideration will be \$1.8m to be satisfied by the issue of 4m ordinary shares.

Stanelco is controlled by

Pavon International (formerly Sanges) and Thermex is the wholly owned U.S. subsidiary of that company. The shares being issued will be retained by the Pavon group as an investment.

Stanelco has also issued its results for the year ended February 28 1985.

Turnover came to £1.38m, compared with £830,000 the previous eight months' period, with the operating profit at £100,000 (£80,000). Interest received was also £10,000 (£10,000) to give a pre-tax balance of £2,000 (£18,000).

See Lex

See Lex

See Lex

See Lex

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See Lex

BANK RETURN

BANKING DEPARTMENT

	Wednesday July 10 1985	Increase (+) or decrease (-) for week
LIABILITIES		
Capital	14,943,000	—
Public Deposits	4,917,000	271,584,077
Bankers' Deposits	881,940,060	7,778,856
Reserve and other Accounts	1,468,704,871	58,848,788
	7,895,971,211	864,889,013
ASSETS		
Government Securities	488,615,873	92,176,103
Advances & other Accounts	560,004,451	171,560,683
Premises Equipment & other Assets	6,382,000	13,811
Notes	6,821,093	3,019,584
Gain	968,588	6,508
	7,895,971,211	864,889,013

ISSUE DEPARTMENT

	£	£
LIABILITIES		
Notes in circulation	19,881,178,007	+ 82,158,894
Notes in Banking Department	6,881,998	+ 3,918,884
	19,870,000,000	+ 80,000,000
ASSETS		
Government Debt	13,016,100	+ 63,973,599
Other Government Securities	9,859,184,480	+ 33,872,569
	19,870,000,000	+ 80,000,000

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 - ★ Willingness to undertake an international career
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BOARD MEETINGS

TODAY
Interim—Bristol, Commercial Bank of the Near East, Priest Marjane, TSL Thermal Syntex
Futures—Eliwell-Hopper, Johnson Matthey, Hilsdorf, Summe Clothes.

FUTURE DATES

	Report
Boursier	Sept 11
Johnstone's Points	Aug 7
Final—	
Atlantic Assets Trust	July 16
Amsona Craps	Aug 7
Burnham	July 16
Can. Const. Invest. TSL	July 17
Independent Investment	July 17
Kitchen (Robert) Taylor	July 18
Moyar and City Properties	July 17
Murray Smaller Markets Trust	July 22
Normans	July 16
Swedish	July 16
Sytone	July 18

On the 14th August, 1985, the said redemption price will become due and payable upon each Note to be redeemed, together with accrued interest from 15th August, 1985 to the date of redemption. Interest on the said Notes will be payable on the 14th August, 1985 upon presentation and surrender of the said Notes, with all coupons appertaining thereto, at the office of any of the Paying Agents mentioned hereunder. After 14th August, 1985 US \$71,000,000 principal amount of Notes will remain outstanding.

The Chase Manhattan Bank, N.A., London, Fiscal and Principal Paying Agent

12th July, 1985

UK COMPANY NEWS

Insurance losses hold back Granada growth

OVERALL progress in the 28 weeks ended April 13 1985 at the Granada Group has been satisfactory, the directors report, and the pre-tax profit has grown from £24m to £30m.

However, significant provisions for prior year business in the Belgian insurance activities have pulled down this year's interim figure to £27.97m.

Mr Alex Bernstein, the chairman, says trading performance in most other businesses has been encouraging, and substantial progress has been made on new business developments.

The directors are confident of prospects and are continuing the steady dividend growth at recent years by lifting the interim payment 10 per cent to 2.53p net.

In the 28 weeks turnover was pushed up from £307.64m to £394.78m and the trading surplus from £7.1m to £96.88m. This was subject of a £21.67m increase to £58.62m in the depreciation charge on rental assets.

The interim figures take in a full period's working of the acquisition of the Rediffusion TV and video rental business, which was effective from July 11 1984.

Integration of the two group's businesses should be complete

as planned in September, says the chairman. Granada will then have some 650 shops (the largest single rental chain in the UK) and will reap the benefits of the merger as well as exploiting its increasing marketing strength.

Reporting on the group's individual activities, the chairman says in common with the rest of the TV network, Granada's revenue has suffered from the lack of growth in TV advertising expenditure in the year so far.

Although last year's exceptional growth in international programme sales was mainly due to the success of Jewel in the Crown, the company expects to achieve a similar revenue this year.

Referring to the Belgian Insurance companies, Mr Bernstein says the group has determined to resolve the problems, and actions to improve the position have been taken.

● comment

The Belgian Insurance market is not the place you would expect to find Granada playing a starring role—and you would be right. Hence the £2.5m wiped off the interim pre-tax profit as a result

of losses and provisions for this expensive sideline operation. However, the UK rental operation with two-thirds of pre-tax profits is showing some of the growth promised by last year's takeover of the Rediffusion television and video rental business.

The drop out rate of subscribers as a result of the rationalisation programme (half of Rediffusion's 400 shops are due to close before September) is said to be negligible. Overseas rental is not showing any margin gains, however, and a closer look at why the return on sales should only be about one-third of the UK level seems overdue.

Granada TV is not only suffering from the very low growth in net advertising revenue that is afflicting all ITV companies but it has lost share in its region to the more aggressive Central. Overseas programme sales are going to have to depend on a larger number of less grand productions in the future it appears—far the time being the blockbusters are being put aside.

For the full year the £51m Belgian lessees have led the reduction in forecasts to around £88m. This has the shares down 12p at 150p following the disappointing figures, trading inexpressively on a prospective p/e of 11 (50 per cent x).

Profits fall by nearly half at Monk

THE VERY competitive market and a reduction in investment income has resulted in lower pre-tax profits of £1.64m against £3.13m previously for A. Monk & Company, building and civil engineering contractor.

For the year to February 28, 1985, turnover improved by 10 per cent to £109.49m (£99.5m), and Mr M. H. Couchman, the chairman, says that for the volume of work undertaken the pre-tax result is disappointing.

He says that the year-long miners' strike did not help matters for the construction industry. The group suffered not only because of the effect on the volume of work available and the consequent pressure on prices, but also because of the strike's direct impact on the activities of its subsidiary, Associated Tunneling Company.

For the current year there are some indications that market conditions will improve, and the directors are hopeful that the results will be rather better than the present ones.

In line with their expectations at the interim stage, the directors are recommending an unchanged final of 4.5p to maintain the total for the year at 8.5p.

First Leisure surges over £1m and plans expansion

AT THE same time as reporting a surge in interim pre-tax profits, from £126,000 to £133m, First Leisure Corporation has announced agreed terms in principle with three wholly owned subsidiaries of LMS to acquire five licensed premises in Scotland.

The initial cash consideration is £550,000, with a further payment of about £250,000. All five acquisitions will be financed by LMS's cash resources and existing borrowing facilities.

The acquisition is conditional on shareholders' approval as two directors of FLC are shareholders of LMS, and because LMS is itself a substantial shareholder in FLC. The approval of shareholders of LMS and of Westpool Investment Trust, LMS's holding company, is also needed.

For the six months to April 28 1985, turnover ahead from £14.3m to £17.42m, the group, which was formed to acquire the leisure interests of Trusthouse Forte, and is engaged in a wide range of leisure activities, achieved an operating profit of £1.43m (£741,000).

Disposals businesses contributed £217,000 to turnover last time, and the operating profit includes £299,000 (£223,000) from the sale of properties and investments which this time were mainly of a non-trading nature.

Lord Delfont, the chairman, reports that the lower interest costs of £94,000 (£615,000), are largely due to reduced borrowings following the offer for sale in April 1984.

He continues to hold the view that the year will be one of further satisfactory progress, and the directors are increasing the interim dividend by 0.5p to 2.5p. Last year's 6.5p total was paid on taxable profits of £8.75m. Stated earnings per £1 share are shown substantially higher at 3.3p net (0.5p).

Although most of the group's units at seaside resorts close for the winter, giving rise to seasonal fluctuations, this year a limited number of attractions, in particular the Blackpool Tower, remained open and contributed to the improved results. Some refurbishment of the piers which it operates has been undertaken, and the directors are looking to the coming season with confidence.

The chairman says that the Empire, Leicester Square and the group's chain of discotheques continue to trade at record levels.

After an increased tax charge of £507,000 (£30,000), net profits emerged at £337,000 (£58,000), and retained profit for the period amounts to £182,000 (less of £401,000).

● comment

Lord Delfont's philosophy is to give the public a good time at the right price and the same principle seems to apply where his company's shareholders are concerned. The first-half profit of £1.3m at First Leisure is well above forecasts and compares with what was effectively a £97,000 loss last time after stripping out profits on the sale of property and investments.

It is difficult to isolate specific reasons for the upturn: reopening Blackpool Tower in winter has helped and The Empire in London's Leicester Square has benefited from the growth in tourism, but more generally it is simply a case of the group hitting the right formula for bringing the crowds in. Winter, of course, is the off season, and we are now far enough into the summer for it to be clear that the result for the full year is going to be very favourable.

Breakers are raising their forecasts to the £8.5m mark, which has the shares, unchanged yesterday at 282p, on a prospective p/e ratio of 13 after a 35 per cent tax charge—a sound, value-for-money rating. The market appears to be swathing the excitement of a substantial acquisition before it gives the shares a mere glamorous rating.

Small rise at Jones Stroud to £3.52m

INCREASED INTEREST rates and an unfavourable exchange rate movement affected profitability of the Jones Stroud (Holdings) group in the last quarter. For the year ended March 31 1985, therefore, its pre-tax profit was restricted to £3.52m, a growth of £164,000.

The group, which makes textile and accessories for the materials and electrical industries, pushed up its turnover from £36.6m to £41.53m, but trading profit improved by only some £300,000 to £2.52m. Interest this time took £19,000 (£32,000).

The directors say the current year has started well, and they expect a further increase in annual profits. They are paying a final dividend of 4.5p, which lifts the net total from 6.5p to 7p.

After tax £1.4m (£1.53m) the net profit comes to £2.13p (20.77p) per share. There are extraordinary charges of £120,000 (£394,000) net of tax, this year's being the cost of disposing and relocating subsidiaries.

A currency translation adjustment of £474,000 (£294,000) credit and goodwill on acquisitions written off £319,000 have been dealt with in reserves.

COMPANY NEWS IN BRIEF

ROCK has reached agreement to acquire Longford Teels and Distribution from Williams Holdings. Contracts have been exchanged for the acquisition of certain of Longford's fixed assets and stock for £130,000 cash. Agreement has also been reached for the subsequent purchase of Longford's freehold properties at an independent valuation of £125,000. At September 30 1984, Longford's net tangible assets amounted to £198,566.

IMI has extended its interests in air conditioning by the acquisition of I. S. Air Conditioning, of Wilsden, near Bradford, a manufacturer of specialised air conditioners for computer rooms. I. S. Air's turnover for 1985 was approximately £4m.

BRINT has 1.42 per cent of Burnett & Hallamshire and not 14.2 per cent.

ZERKINE HOUSE is acquiring Stapleford, which trades under the name of Copy Consultants (Southern) for a cash consideration of £450,000. The company sells and maintains copiers together with facsimile and telex equipment and has a customer base of 1,200 machines compared with the existing 5,500 for Erskine.

EVERED HOLDINGS' rights issue has been taken up in respect of 9,233,333 shares (approximately £1.46 per cent). The balance has been sold through the market.

SINTROM subsidiary Perex has acquired for £25,000 the exclusive European manufacturing and sales rights and worldwide sales rights for interactive multi-pads, a new concept in data entry terminals. The rights were acquired from Micro-System Design.

ECORIC HOLDINGS' issue of 7,561,750 "A" ordinary shares at par was subscribed as to 6,339,185 shares (£3.8 per cent).

SIMS CATERING Butchers' annual meeting heard that the company had made a good start to the year with sales for the first quarter 17 1/2 per cent higher at £287,000.

EAST MIDLAND Allied Press' annual meeting was told that for the first two months the group's traditional areas of operation were ahead of plan. Magazines, and in particular the new operation at McLaren, were performing well. Further notice was given to the directors looking forward with confidence.

CAPARO INDUSTRIES' underwritten rights issue of 10.52m convertible preference shares of £1 was taken up by holders representing 72.7 per cent of the stock.

HALITE is to acquire the remaining 20 per cent of its subsidiary, Ditchelmeinte Halite GmbH, which is owned equally by two West German based managers of the company. The consideration is DM 300,000 (£741,000)—75 per cent will be in cash with the rest satisfied by the issue of 12,000 ordinary shares in Halite.

ROMNEY TRUST increased its fully diluted net asset value to £14.7p per share as at June 30 1985, against 26.1p a year earlier. Pre-tax revenue for the six months to end June rose to £1.62m (£956,000) and earnings per share were at 3.45p (2.12p). The interim dividend is 1.65p (1.5p) net.

RENTOKIL GROUPE has acquired Bright 'N' Early Group, an office cleaning company based in Hove, Sussex. The company has a turnover of £1m.

BODDINGTONS BREWERIES' takeover of Higgins Brewery is not to be referred to the

Monopolies and Mergers Commission. The bid has been declared unconditional and remains open until further notice with Boddingtons laying claim to 88.7 per cent of Higgins' capital.

DALGETY now owns or controls 73 per cent of the ordinary shares of Gill and Duffus and has declared its offers unconditional.

BRENT WALKER Holdings has completed the acquisition of Television Entertainment and Learning. Consideration of £46,747 was satisfied as to £34,949 in shares with the balance in cash.

HILLE ENGINEERING CO, established designer and manufacturer of rolling mill equipment, has called in receivers after cash flow problems arising from its joint venture to build a new mill for Eaton & Booth Rolling Mills in Rotherham.

PARKER GLEAD, a manufacturer of jeans and related leisure wear, has gone into receivership. The receivers, Mr Tony Richmond and Mr John Ridings of Peat Marwick, are permitting the company to continue to trade while examining the possibility of selling the business as a going concern.

GRIDMAY, an Arlebury-based property company, has sold its controlling interest in Crystalax (1982), a subsidiary specialising in crystal growth equipment to Elkem A.S. of Norway.

IMPORTANT NOTICE FOR DEBENTUREHOLDERS
CONSOLIDATED-BATHURST INC.
(Incorporated under the laws of Canada)

9% Series F Debentures due 1992 (the "Debentures")

Orion Royal Bank Limited ("Orion") of 1 London Wall, London EC2Y 5JX, on behalf of Consolidated-Bathurst Inc., Montreal, Quebec, Canada, hereby gives notice to all holders of the Debentures that Orion, on behalf of Consolidated-Bathurst Inc., intends to make an offer to acquire all the outstanding Debentures, at a price of U.S.\$915.00 per Debenture plus interest accrued to August 2, 1985 which will be the date of settlement under the offer. Debentures will be accepted under this offer until 17.00 hours, Friday, July 26, 1985.

Full details of the offer will be available from today at the office and address stated below:

Orion Royal Bank Limited
1 London Wall
London EC2Y 5JX.

July 12, 1985

Gold mining companies managed by

Golden Dumps
(PROPRIETARY) LIMITED

Reports of the directors for the quarter ended 30 June 1985

CONSOLIDATED MODDERFONTEIN MINES LIMITED

(Incorporated in the Republic of South Africa)
Issued share capital: R1 072 000
Divided into 21 440 000 ordinary shares of 5 cents each

OPERATING RESULTS	Quarter ended		12 months to	
	30.06.1985	31.03.1985	30.06.1985	30.06.1984
Underground				
Ore milled - tons	139 993	135 908	499 330	323 191
Gold recovered - kilograms	917.3	891.7	3 231.9	2 321.9
Yield - grams per ton milled	6.60	6.59	6.49	6.49
Revenue - per ton milled	R122.22	R124.49	R118.94	R118.94
Working costs - per ton milled	R52.84	R46.06	R47.67	R47.67
Working profit - per ton milled	R69.35	R78.43	R71.07	R71.07
Gold price received - per kilogram	R18 520	R19 891	R19 340	R19 340
Working costs - per kilogram	R319	R306	R322	R322
Working costs - per ounce	R8 007	R6 990	R7 381	R7 381
Surface material				
Sand treated - tons	3 390	3 000	13 374	13 374
Gold recovered - kilograms	3.3	5.5	19.4	19.4
Yield - grams per ton milled	1.19	1.83	1.45	1.45

FINANCIAL RESULTS (R000)

	Quarter ended		12 months to	
	30.06.1985	31.03.1985	30.06.1985	30.06.1984
Underground				
Revenue from gold and silver	16 988	19 845	59 274	59 274
Working costs	8 233	6 233	23 856	23 856
Working profit	8 755	13 612	35 418	35 418
Surface material profit	33	47	155	155
Sundry revenue	150	150	580	580
Operating profit	9 038	13 861	36 154	36 154
Net interest received	1 267	1 142	4 196	4 196
Net profit	11 193	11 951	40 350	40 350
Capital expenditure	6 004	4 415	17 271	17 271
Dividends	10 720	—	19 224	19 224

DEVELOPMENT

North-East Prospect Shaft - Black Reef				
Advanced - metres	1 583	1 737	6 175	6 175
Sampled - metres	722	552	1 785	1 785
Payable - metres	302	258	722	722
Channel width - centimetres	83	91	119	119
Average value - grams per ton	74.1	30.6	26.4	26.4
grams per ton	6154	2 480	3 114	3 114
No. 14 Shaft - Kimberley Reef				
Advanced - metres	1 973	1 803	7 258	7 258
Sampled - metres	622	479	2 475	2 475
Payable - metres	120	79	546	546
Channel width - centimetres	177	155	139	139
Average value - grams per ton	6.7	9.6	7.0	7.0
grams per ton	1 190	1 488	967	967

CAPITAL EXPENDITURE

The unexpended balance of capital expenditure voted by the Board at 30 June 1985 was R1 355 000.

DIVIDEND

The notice of declaration of dividend No. 97 accompanies this report.

T. L. GIBBS
L. C. POURDOLIS Directors

12 July 1985

SOUTH ROODEPOORT MAIN REEF AREAS LIMITED

(Incorporated in the Republic of South Africa)
Issued share capital: R5 600 482
Divided into 1 562 715 ordinary shares of 56 cents each

OPERATING RESULTS	Quarter ended		12 months to	
	30.06.1985	31.03.1985	30.06.1985	30.06.1984
Ore milled - tons	79 365	79 046	314 836	314 836
Gold recovered - kilograms	341.9	335.1	1 445.9	1 445.9
Yield - grams per ton milled	4.31	4.27	4.59	4.59
Revenue - per ton milled	R75.71	R67.36	R64.20	R64.20
Working costs - per ton milled	R26.39	R26.39	R26.39	R26.39
Working profit - per ton milled	R21.36	R26.41	R26.41	R26.41
Gold price received - per kilogram	R18 502	R19 707	R19 337	R19 337
Working costs - per kilogram	R13 545	R12 626	R12 063	R12 063
Working costs - per ounce	\$233	\$202	\$212	\$212

FINANCIAL RESULTS (R000)

	Quarter ended		12 months to	
	30.06.1985	31.03.1985	30.06.1985	30.06.1984
Revenue from gold and silver	6 328	9 643	26 508	26 508
Working costs	4 631	4 483	17 438	17 438
Working profit	1 695	2 160	9 070	9 070
Sundry revenue	50	21	125	125
Dividends received	—	145	254	254
Operating profit	1 745	2 326	9 449	9 449
Net interest received	282	316	575	575
Net profit before taxation	2 027	2 642	10 024	10 024
Provision for taxation	(281)	—	—	—
Net profit after taxation	1 746	2 642	10 024	10 024
Capital expenditure	1 677	851	4 289	4 289
Dividends	2 237	—	4 200	4 200

DEVELOPMENT

Venterdorp Contact Reef				
Advanced - metres	772	1 139	4 274	4 274
Sampled - metres	223	430	1 736	1 736
Payable - metres	123	164	462	462
Channel width - centimetres	115	133	119	119
Average value - grams per ton	10.8	7.9	8.0	8.0
grams per ton	1 213	1 062	1 067	1 067
Kimberley Reef				
Advanced - metres	967	1 110	4 794	4 794
Sampled - metres	234	419	1 410	1 410
Payable - metres	140	246	636	636
Channel width - centimetres	182	193	185	185
Average value - grams per ton	3.4	5.7	9.2	9.2
grams per ton	1 527	1 102	1 214	1 214

CAPITAL EXPENDITURE

The unexpended balance of capital expenditure authorised by the Board at 30 June 1985 was R1 355 000.

ORDINARY DIVIDEND

The notice of declaration of dividend No. 61 accompanies this report.

PREFERENCE DIVIDEND

The declaration of preference dividend No. 7 includes the preference dividend of 4 cents per share for the period to 30 June 1985 and a participating dividend of 19 cents per share.

H. B. MILLER
L. C. POURDOLIS Directors

12 July 1985

DECLARATION OF FINAL DIVIDENDS

Netica is hereby given that final dividends in respect of the financial years ended 30 June 1985 have been declared by the under-mentioned companies, payable to members registered at the close of business on Friday, 25 July 1985. The registered members of the companies will be classed from 27 July 1985 to 4 August 1985, both days inclusive. Dividend warrants will be posted on or about 26 August 1985. The

dividends are declared in the currency of the Republic of South Africa. Non-resident shareholders' tax of 18% will be deducted from dividends payable to shareholders whose addresses are outside the Republic of South Africa. Non-resident shareholders will be paid the United Kingdom currency equivalent of the Rand value of their dividends on 2 August 1985.

AUTHORISED UNIT TRUSTS & INSURANCES

[illegible]

[illegible]

	Gross	Net	Gross	Net
			Car	Int
The Charities Deposit Fund				
77 London Wall, London EC2M 1DB			01-588 101	
Deposit	122.2	1	1-3 Mo	
The Money Market Trust				
63 De Victoria St. EC4N 057.			91-236 095	
Call Fnd	124.0	4 27	11 71	6 mo
7-Day Fnd	122.46	4 32	13 78	3 mo
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE.			01-236 142	
Call Fnd	127.76	9 24	11 64	6 mo
7-Day Fnd	122.35	9 23	12 62	3 mo
Dollar	126.50		13 59	3 mo
Money Mgmt. Acc.	127.125	9 08	13 59	3 mo

	Gross	Net	Gr Equil	Car Int C
Adm & Co. plc				
22 Charlotte St, Edinburgh EH2 4DF			031-225 848	
Pat Service Car Acc	11.25	8.75	13.99	01
Afflenn Hume				
30 City Road, EC1V 2AY.			01-436 6078	
Treasury A/c	12.375	9.25	13.87	01
Mkt. Int. Chg.	12.25	9.16	13.90	01
Bank of Scotland				
38 Thackeray St, EC2P 2EH.			01-428 8066	
Money Mkt Debit Acc-B1 90		8.99	13.29	01
Barclays Prime Account				

Charterhouse Japhet plc			
1 Pinnermoor Row, ECOM 725			91-248 3999
Start-up.....	£120	9.16	13.69
U.S. Dollars.....	7.00	7.00	7.23
Swiss Francs.....	14.75	4.75	4.89
Swiss Francs.....	1.50	1.50	1.51
Japanese Yen.....	5.00	5.00	5.12
Citibank Savings			
St Martin's Hse, Hammer-smith Grove			01-748 925
Director Plc.....	10.00	14.83	15.00
Co-operative Bank Cheque & Save			
78-80 Cornhill EC3 0J 026 6543			
£2,500-£2,900.....	11.0	8.23	12.11
£2,900-£3,500.....	13.00	9.73	14.40

9 Heneatts Place WIM 94G	01-631 3331
Cheque Deposit Acc. 11250	9.3d 14.1p
Henderson/Bank of Scotland	
38 Threadneedle St EC2P 2EH	01-628 8066
Money Mkt. Cheque Acc. 111 90	8.8p 13.2p
Lloyds Bank PLC	
71 Lombard St, London, EC3P 3BS,	01-626 1500
High Int Cheque - 112 00	9.0d 13.2p
Lombard North Central PLC	
17 Bruton St, W1A 3QH,	01-409 3433
34 Day Notice - 112 375	4.2p 13.2p
M & G/Kleinwort Benson	

High Life Co.	31.77	8.00	13.71	
Provincial Trust (formerly Chalcotons)				
30 Ashley Rd, Altrincham, Cheshire			061-928 901	
Chèque Acc.	112.50	9.34	14.39	9.00
Royal Bank of Scotland plc				
24 Leith Walk, London EC3V 9BA			021-557 020	
Premises Account	112.00	0.971	13.44	9.00
Save & Prosper/Robert Fleming				
28 Western Rd, Rostford RM1 3LB			0708 6696	
H.B.S.A.	113.70	0.75	13.04	8.00
Tyndall & Co				
29-31 Princess Victoria St, Bristol			0272 73224	
Domestic Acc.	112.11	0.93	13.57	9.00

Western Trust & Savings Limited
The Manxcentre, Plymouth PL1 1SE
High Rise City Ctr. 12.63 9.48 13.24 De

NOTES—Gross rate to those exempt from composite rate of tax. Net actual rate after deduction of CRT. Gr Eqty CAR Gross equivalent to basic rate taxpayers—compounded annual rate. Int C frequency interest credited.

NOTES
Prices are in pence unless otherwise indicated and these discounts 5 until no longer valid for U.S. dollar sales. * shown in last column will for all buying even.

OPTIONS

3-month call rates

Industrials	P	Midland Bk.	30
Allied-Lyons	36	(NEI)	8
BAT	32	West R.	10

Beckham	32	Rank Org Ord	32
Blue Circle	45	Reed Int'l	59
Boots	15	Seam's	11
Bowdler	20	TI	20
Brit Aerospace	3	Trust	38
Brit. Telecom	11	Trust EMI	35
Brown (J)	3	Trust	13
Burnard Ord	3	Trust Newell	10
Cardbury	19	Unilever	85
Comm Union	19	Vickers	139
Courtaulds	12	Property	
Debenhams	17	Brit Land	112
Outsellers	28	Cap Companies	118
Dunlop	6	Land Secs	25
ENPC	82	MEPC	28
Gen Accident	45	Peacoby	22
Gen Electric	17		

Hawker Siddeley	38	Charterhall	6
Hoe of Fraser	30	Premier	5
ICI	60	Shell	60
Imperial Chemical	29	Standard	19
Jaguar	28	Ulster	1
Ladbroke	124	Mines	
Legal & Gen	150	Charter Cos.	18
Lev Service	28	Cos Gold	44
Lloyds Bank	45	Lonrho	14
Lucas Inds	25	Rio T Zinc	56
Marks & Spencer	11		

A selection of Options traded is given on the London Stock Exchange Report Page.

Academics Investment Fund SA
37 rue Notre Dame, Luxembourg
Archives no. 522.18 Tel. 47972

Adlig Investment
Paysbach 708, 8000 Munich 1, Tele. 524269

Adress	04824 70	25 44	
Adressen	04824 70	25 44	+0.64
Adressen	04824 70	25 44	+1.08
Adressen	04824 70	25 44	+0.14

Albany Fund Management Limited
P.O. Box 773, St. Helier, Jersey
Albany S.F. (C.I.) 5259 61, 275 501 0534 73933

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COMMODITIES AND AGRICULTURE

Indian tea production up from last year

By P. C. Mahanti in Calcutta

INDIAN TEA output up to the end of May totalled 165m kilos compared with 154m up to the same date last year according to the Tea Board.

Good weather and better agricultural practices in the gardens have brought this surge in production. The year's production target is 655m kilos.

Exports to the end of June have proceeded "according to schedule," the as Board says, which means up to 90m kilos may have been shipped during the first half of 1985.

According to the Tea Board's marketing plan, announced earlier in the year, the quota was for a total of 90m kilos for the first two quarters out of a total export quota of 220m kilos set for the year as a whole.

The bulk of the quota will be shipped during the current quarter, beginning July, which is the heavy plucking season in North India.

Exporters say they are finding the existing minimum export price of Rs 28 (21.50) a kilo a bit too high relative to the international rate as determined by London auctions. They have made a representation to the Ministry of Commerce to review the export price policy suggesting a more realistic floor price would be Rs 21-22 a kilo.

Meanwhile the Indian Institute of Management of Calcutta has prepared a study on the trend of growth in domestic tea consumption according to which the total internal off-take this year may not be more than 415m kilos, more or less than the same last year, because of the high price of sugar prevailing in the country.

India must lift the export ceiling and abolish the minimum export price of tea to help traders sell freely to the world market, Mr K. G. Nanda, chairman of the Combustion Tea Trade Association, said yesterday.

Mr M. K. Koshi, vice-chairman of the Ceylon Tea Trade Association, said planters have been selling the surplus tea at below production costs in some places.

U.S. forecasts bigger world food surplus

BY NANCY DUNNE IN WASHINGTON

WORLDWIDE grain production will rise again this year and, although consumption is also expected to increase, the global food glut will be bigger than ever, according to the U.S. Department of Agriculture (USDA).

There was little good news for grain traders in the Department's supply and demand report, issued on Wednesday night, beyond a reduced crop production estimate for the Soviet Union, which has been enjoying one of its better years and has not been expected to provide much boost to depressed grain prices. The USDA lowered its forecast of USSR production by 5m tonnes to 190m tonnes, and it raised its export estimate for July-June 1985-86 to 39m tonnes.

However, Soviet imports will fall well below 1984-85, now estimated at 55m tonnes. Moscow is expected to buy 20m tonnes of wheat, 18m tonnes of coarse grains and 1m tonnes of miscellaneous grains to cover any crop shortfall and add modestly to its stocks.

Hot dry weather over parts of the USSR caused the USDA to lower its estimates for wheat production by 4m tonnes, and it dropped the barley estimate by 1m tonnes.

Although the USDA raised its estimates of EEC wheat production during the month, it expects output to fall in the coming year from 76m tonnes in 1984-85 to 70m tonnes. EEC coarse grain output is forecast to sink from 74.7m tonnes last year to 73.4m tonnes. On the other hand the department expects the Community to more than double soyabean output to 290,000 tonnes.

The USDA is forecasting 1985-1986 global grain production at 1.659bn tonnes, up from 1.635bn tonnes in the previous year. With economic growth abroad and lower crop prices, world consumption is expected to jump from 1.599bn tonnes to 1.619bn tonnes, with about 261m tonnes left to ending stocks, providing a depressant on the market. Almost half of those stocks—120m tonnes—will be left on American hands.

Contributing to the Department's higher projections for coarse grain production, raised 1 per cent over the month, was an increase in 1984-85 Brazilian maize estimates and higher estimates for 1985-86 Thai maize and European barley.

Despite raised estimates during the month for wheat production in Eastern Europe and Pakistan, the Department dropped its projection of overall wheat output in the coming year from 517m tonnes, to 514.5m tonnes. Lower-than-expected production in the U.S., the USSR and Argentina outweighed the monthly increases.

Although Chinese wheat output will be up again this year, according to the USDA, from 87m tonnes in 1984-85 to 90m tonnes, the rate of increase is slowing. Chinese consumption is expected to rise but imports are forecast to drop from 7.5m tonnes to 7m tonnes.

In line with other forecasts, the Department reckons 1985-86 oilseeds production will hit record levels. Soyabean output in the U.S. is estimated at about 51.7m tonnes, up slightly from last year. Brazil's production is forecast to fall slightly from last year to 16.4m tonnes, and Argentina's output is expected to rise a little to 7m tonnes.

World and U.S. soyabean crush for 1985-86 is forecast to show a below trend rise (2 per cent and 1 per cent respectively) but that the surge in soyabean oil production in Argentina, Brazil and in some developing countries. Soyabean meal use is expected to increase about 2 per cent next year, however, livestock recovery and economic growth is expected to be limited by tight foreign exchange reserves.

The USDA believes it is likely that modest oilseed crush gains will limit vegetable oil supplies in 1985-86. However, it says, some decline in vegetable oil prices will occur as next year's palm oil production is expected to show a large rise.

The prospects are for a further build-up in U.S. and world cotton stocks. Use is expected to increase modestly. However, most of that rise is forecast in the major cotton producing countries.

Potato glut poses market support problems

BY ANDREW GOWERS

THE UK's Potato Marketing Board is in trouble again. Just as they thought they could relax after reviving the future shape of the Board's finance and market support activities and battling with a near-record surplus last year, senior officials have been plunged into new difficulties as a result of an unprecedented glut of new potatoes.

In order to combat the weak prices provoked by the surplus, the Board has had to buy more than 10,000 tonnes of early potatoes so far this season. And the glut problem may well get worse once Britain's main potato crop starts being harvested later this summer. This prospect has already affected prices on the London potato futures market.

"It's very much a question of moving from one crisis to another," said a surprisingly unflinched Mr Robin Pooley, chief executive of the Board.

This is the first time that the Board had intervened to buy potatoes this early in the season. Under its old system, it set up contracts to buy up to 50,000 tonnes of main crop

potatoes before the season began in order to support prices. This year, however, under a scheme passed by Parliament a few months ago, the Board has the capacity to intervene directly and flexibly in the market from July onwards.

It is empowered to buy 420,000 tonnes of potatoes under pre-season contracts and a further 30,000 tonnes in direct intervention. Half the cost of these activities must be borne by farmers, who are now paying

contracts for later months, which will continue to be traded as before. For example, trading in December potatoes will continue throughout November, but will cease on December 10. The change was agreed by members of the futures market under pressure from the Potato Marketing Board, which has experienced serious difficulties with deliveries in recent months. The Board has told the market that it

will stop providing inspection services for it from May 1986. The Potato Futures Association is still considering introducing contracts for late potatoes, although it may set a decision in time to start this next year. Trading would be on a cash settlement or index system. Members have, however, decided to stick with the physical delivery system for main crop potatoes for the foreseeable future.

Cornwall, and there has been some buying in Kent. The cost of the exercise is at least £700,000 so far.

Potatoes bought are being dried and used for stockfeed or simply dumped, and there are reports in the trade of interest by processors in buying some of the surplus for chipping.

Imports, which have been blamed in some quarters for depressing prices, are in fact less of a factor than in some previous years, the Board insists. By the end of last week, imports had totalled 258,000 tonnes, compared with the equivalent figure last year of 232,000 tonnes.

The PMA's intervention so early in the season has raised fears, however, that it will not have the resources to cope fully with the main crop if that also produces a substantial surplus.

Mr Pooley was at pains yesterday to stress that the main crop is quite separate from the early one. It is grown in different areas and under different conditions. However, there can be no denying that yields are on a generally rising trend.

Shultz says higher stock target will lift tin depression

BY CHRIS SHERWELL IN KUALA LUMPUR

THE DECISION to lift the U.S. strategic stockpile target for tin from 42,700 to 150,000 tonnes would remove a depressing influence overhanging the tin market, Mr George Shultz, U.S. Secretary of State, claimed on his arrival in Malaysia for consultations with the Association of South East Asian Nations (Asean).

Mr Shultz noted that the present tin holdings in the strategic stockpile were around 180,000 tonnes, so there was only about a further 30,000 tonnes available for disposal following the revision of the stockpile target announced on Monday. He added that this surplus tin would be sold over "a period of time."

Congress authorised the General Services Administration in 1980 to dispose of 35,000 tonnes of surplus stockpile tin, and about 15,000 tonnes yet remains to be sold.

At present under a memorandum of understanding between the U.S. and Asean tin

producing countries—Malaysia, Indonesia and Thailand—the stockpile authorities have been limiting sales of surplus tin to a maximum of 3,000 tonnes a year.

It is planned to prepare a new programme for approval by Congress to dispose of the surplus 30,000 tonnes of tin, including the 18,000 tonnes already authorised for sale. However, the amount actually offered for sale will almost certainly continue to be confined to the present rate of 3,000 tonnes annually.

Mr Shultz promised there would be consultations with south east Asian producers and suppliers.

Malaysia, which has been highly critical of any stockpile tin sales, reserved reaction to the U.S. plan to lock away 150,000 tonnes in the stockpile supplemental reserve. Datuk Paul Leong, Primary Industries Minister, is due to meet U.S. officials travelling with Mr Shultz tomorrow.

Exxon to boost copper output in Chile

BY MARY HELEN SPOONER IN SANTIAGO

EXXON CORPORATION'S Chilean copper mining subsidiary, Compania Minera Diputada de los Condes, will invest \$73m in improvements over a two-year period in its El Soldado copper mine and Los Condes concentrating plant, Sr Samuel Lira, the Chilean Mining Minister has announced.

The investment should boost the company's production of fine copper to 100,000 metric tonnes per year, a level approaching that of two of Chile's four state-run copper divisions. Exxon has been operating in Chile since January 1978, when it signed an investment contract with General Augusto Pinochet's regime. The

corporation initially planned to invest \$12m in Chile, a sum subsequently scaled down by roughly half.

Chile's total copper production hovers around 1m tonnes of fine copper annually, with the bulk of this production coming from CODESA, the state copper corporation. But Chilean officials hope to increase copper production to at least 1.7m tonnes by the end of this century, through private investment in new mining projects.

The most ambitious foreign mining investment project, the La Escondida copper deposit in northern Chile, has also been stalled.

LONDON MARKETS

BASE METALS

LME prices supplied by Amalgamated Metal Trading

ALUMINIUM

	Unofficial	High/Low
Cash	728.5-6.6	728.5/6.6
3 months	748.0-7.5	748.0/7.5

Official closing (am): cash 728.50 (725.5); three months 752.50 (748.5); settlement 730 (725). Final turnover: 745-5.5. Turnover: 18,425 tonnes.

COPPER

	Unofficial	High/Low
Cash	194.5	194.5/194.5
3 months	197.5-1.5	197.5/1.5

Official closing (am): cash 192.30 (191.5); three months 194.50 (193.7); settlement 193.00 (191.0). Turnover: 26,850 tonnes. U.S. producer prices 65/68 cents per lb.

LEAD

	Unofficial	High/Low
Cash	999.4	999.4/999.4
3 months	1008.4-0.4	1008.4/0.4

Official closing (am): cash 1,002.5 (1,002.5); three months 1,005.5 (1,005.5); settlement 1,005.5 (1,005.5). Final turn: 1,005.5-0.5.

NICKEL

	Unofficial	High/Low
Cash	3645.50	3645.50/3645.50
3 months	3695.0-1.0	3695.0/1.0

Official closing (am): cash 3,635.0 (3,625.5); three months 3,687.0 (3,680.5); settlement 3,635.0 (3,630.5). Final turn: 3,635.0-0.5.

TIN

	Unofficial	High/Low
Cash	9050.1	9050.1/9050.1
3 months	9050.1	9050.1/9050.1

Official closing (am): cash 9,135.40 (9,135.40); three months 9,135.40 (9,135.40); settlement 9,140.00 (9,140.00). Final turn: 9,135.40-0.5.

ZINC

	Unofficial	High/Low
Cash	525.7	525.7/525.7
3 months	521.2	521.2/521.2

Official closing (am): cash 521.20 (512.50); three months 521.20 (511.50); settlement 521.20 (511.50). Final turn: 521.20-0.5.

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

METALS	July 11	July 11
	1985	1985
Aluminium	1100	1100
Copper	194.5	194.5
Lead	999.4	999.4
Nickel	3645.50	3645.50
Platinum	1000	1000
Silver	3645.50	3645.50
Tin	9050.1	9050.1
Zinc	525.7	525.7

GOLD

Gold finished unchanged from Wednesday's close in the London bullion market yesterday. The price of gold was 315.15, the record opened at 315.15 and traded between 315.15 and 315.15. The market was quiet with gold trading volume was rather low with gold trading volume at higher levels despite the dollar's recent sharp decline.

SILVER

Silver was flat 1.85p on an ounce on the London market yesterday. The price of silver was 445.50, the record opened at 445.50 and traded between 445.50 and 445.50. The market was quiet with silver trading volume was rather low with silver trading volume at higher levels despite the dollar's recent sharp decline.

WHEAT

Wheat was flat 0.05p on a tonne on the London market yesterday. The price of wheat was 100.00, the record opened at 100.00 and traded between 100.00 and 100.00. The market was quiet with wheat trading volume was rather low with wheat trading volume at higher levels despite the dollar's recent sharp decline.

BARLEY

Barley was flat 0.05p on a tonne on the London market yesterday. The price of barley was 100.00, the record opened at 100.00 and traded between 100.00 and 100.00. The market was quiet with barley trading volume was rather low with barley trading volume at higher levels despite the dollar's recent sharp decline.

RUBBER

Rubber was flat 0.05p on a tonne on the London market yesterday. The price of rubber was 100.00, the record opened at 100.00 and traded between 100.00 and 100.00. The market was quiet with rubber trading volume was rather low with rubber trading volume at higher levels despite the dollar's recent sharp decline.

COFFEE

Coffee was flat 0.05p on a tonne on the London market yesterday. The price of coffee was 100.00, the record opened at 100.00 and traded between 100.00 and 100.00. The market was quiet with coffee trading volume was rather low with coffee trading volume at higher levels despite the dollar's recent sharp decline.

SOYABEAN MEAL

Soyabean meal was flat 0.05p on a tonne on the London market yesterday. The price of soyabean meal was 100.00, the record opened at 100.00 and traded between 100.00 and 100.00. The market was quiet with soyabean meal trading volume was rather low with soyabean meal trading volume at higher levels despite the dollar's recent sharp decline.

COCOA

Cocoa was flat 0.05p on a tonne on the London market yesterday. The price of cocoa was 100.00, the record opened at 100.00 and traded between 100.00 and 100.00. The market was quiet with cocoa trading volume was rather low with cocoa trading volume at higher levels despite the dollar's recent sharp decline.

GRAINS

Grains were flat 0.05p on a tonne on the London market yesterday. The price of grains was 100.00, the record opened at 100.00 and traded between 100.00 and 100.00. The market was quiet with grains trading volume was rather low with grains trading volume at higher levels despite the dollar's recent sharp decline.

INDICES

FINANCIAL TIMES

	July 10	July 10
	1985	1985
FTSE 100	1000	1000
FTSE 250	1000	1000

REUTERS

	July 10	July 10
	1985	1985
REUTERS	1000	1000
REUTERS	1000	1000

MOODY'S

	July 10	July 10
	1985	1985
MOODY'S	1000	1000
MOODY'S	1000	1000

DOW JONES

	July 10	July 10
	1985	1985
DOW JONES	1000	1000
DOW JONES	1000	1000

SUGAR

	July 10	July 10
	1985	1985
SUGAR	1000	1000
SUGAR	1000	1000

POTATOES

	July 10	July 10
	1985	1985
POTATOES	1000	1000
POTATOES	1000	1000

PIGMEAT

	July 10	July 10
	1985	1985
PIGMEAT	1000	1000
PIGMEAT	1000	1000

MEAT

	July 10	July 10
	1985	1985
MEAT	1000	1000
MEAT	1000	1000

OTHER MARKETS

	July 10	July 10
	1985	1985
OTHER MARKETS	1000	1000
OTHER MARKETS	1000	1000

PARIS

	July 10	July 10
	1985	1985
PARIS	1000	1000
PARIS	1000	1000

HIDES

	July 10	July 10
	1985	1985
HIDES	1000	1000
HIDES	1000	1000

WOOL FUTURES

	July 10	July 10
	1985	1985
WOOL FUTURES	1000	1000
WOOL FUTURES	1000	1000

LIVERPOOL

	July 10	July 10
	1985	1985
LIVERPOOL	1000	1000
LIVERPOOL	1000	1000

COTTON

	July 10	July 10
	1985	1985
COTTON	1000	1000
COTTON	1000	1000

COTTON

	July 10	July 10
	1985	1985
COTTON	1000	1000
COTTON	1000	1000

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LONDON STOCK EXCHANGE

MARKET REPORT

Interest rate developments restore much-needed confidence to equity market

Account Dealing Dates

***First Declared Last Account**

Dealings from Dealings Day

July 1 July 11 July 12 July 22

July 15 July 25 July 26 July 26

July 29 Aug 8 Aug 9 Aug 19

*Non-time dealing may take place from 9.30 am two business days earlier.

The authorities' approval of lower interest rates gave London equity market confidence a much-needed boost yesterday. Rates for short-term bills in money markets were reduced to the morning by 1 percentage point and shortly afterwards Citibank, the only foreign bank to be granted UK clearing status, cut its UK base lending rate from 12 1/2 to 12 per cent.

During the afternoon, the Bank of England again lowered its dealing rate on bank bills by another 1 percentage point but the move brought no reaction from other lenders. Business from the trend towards cheaper money naturally checked sterling's recent upsurge and this was welcomed by equity traders.

Investors earlier had shown little enthusiasm over widespread publicity given to the market's near-100 point setback since early June, although the majority of City analysts concluded that it had been overdone. Similarly, a report that the Chancellor would soon deliver a buoyant assessment of economic prospects and re-emphasise the scope for personal taxation cuts brought only a limited response.

Leading indicators began the session firmly, helped by Wall Street's rise overnight to within a few points of the all-time high, but soon drifted back. Business from the trend towards cheaper money naturally checked sterling's recent upsurge and this was welcomed by equity traders.

ICI rallied well to end the day 7 better at 71 1/2, while Laporte put on a similar amount at 30 1/2.

The more encouraging outlook on interest rates caused leading indicators to extend Wednesday's rally. Gussies A advanced 10 to 77 1/2, and Woolworth 7 to 38 1/2. Hopes of an increased offer from Harrod's bid has been extended until July 24 - lifted Debenhams a few pence to 38 1/2, Burton, whose original terms value Debenhams at around 30 per share, closed 3 dearer at 46 1/2. Habitat Motocare finished 6 higher at 33 1/2. Harris Queensway were relatively lively and advanced 2 1/2 to 25 1/2, while improved 4 to 24 1/2 on the confident tenor of the chairman's statement at the annual meeting.

Midland rise

Midland were the pick of the clearers, rising 10 to 38 1/2 on confirmation of its re-acquisition of 40 per cent of Samuel Montagu from Aetna Life and Casualty, the U.S. insurance group, for \$37.8m; in exchange, Midland is transferring full control of its Montagu Investment Management to Aetna. The remaining clearers traded quietly with Barclays, at 40 1/2, and Lloyds, at 41 1/2, improving 3 pence to 41 1/2.

Newcomer Isotron quietly improved, opening at 12 1/2 and

rising steadily to close at 13 1/2; the stock was issued by tender at a striking price of 13 1/2.

Allied-Lyons, one of the market's top-performing blue chips over recent weeks, advanced 8 more to 22 1/2 following the chairman's disclosure of the existence of new nominee holdings on its share register. Other leading blue-chips were content to mark time in subdued trading but, in regional, new-time support and "call" option business lifted Beckleys 4 to 69 1/2; it was announced on Wednesday that Mr Nazam Virani's Belhaven controls around 6 per cent of the company's business. Belhaven's E. P. Bulmer rallied 3 to 13 1/2 as investors overcame disappointment with the annual results and concentrated on the group's recovery potential. Fellow cider concern Merrydown hardened 10 to 32 1/2 in sympathy.

Lower interest rates and a feeling that the Government may plan to extend Wednesday's plan for increased public spending on major infrastructure programmes prompted renewed strength in Buildings. Tarmac was wanted and moved up 10 to 33 1/2, after a year's high of 32 1/2, while gains in the region of 5 to 6 were common to Taylor Woodrow, 43 1/2, Bine Circle, 52 1/2, Marshalls (Hullfax), 24 1/2, and RMC, 36 1/2. Magnet & Southern rose 4 to 12 1/2, reflecting confidence in the company's results. The almost halved full-year profits unsettled A. Monk, which dipped in 10 1/2 before closing a couple of pence lower on balance at 10 1/2.

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Plessey advance

The Plessey chairman's address at the annual meeting and estimate that first-quarter profits would be down from £42m to around £39m was viewed favourably by market analysts who revised their forecasts much lower in the wake of recent adverse events in the sector. Plessey jumped 14 to 13 1/2, while other leaders recorded their best gains for quite some time. Thoma EMI finished 14 to the good at

FINANCIAL TIMES STOCK INDICES

	July 11	July 10	July 9	July 8	July 7	July 6	Year Ago
Government Secs.	82.58	82.58	82.58	82.58	82.57	82.57	76.44
Fixed Interest	87.49	87.49	87.49	87.49	87.49	87.49	80.37
Ordinary	834.4	834.4	834.4	834.4	834.4	834.4	771.1
Gold Mines	401.4	401.4	401.4	401.4	401.4	401.4	338.8
Ord. Div. Yield	4.56	4.56	4.56	4.56	4.56	4.56	4.56
Earnings, Yld. 3/4 (100)	12.36	12.36	12.36	12.36	12.36	12.36	11.88
51/2 Rate Instl (100)	2.88	2.88	2.88	2.88	2.88	2.88	2.88
Total Bargains (Est.)	20,638	20,638	20,638	20,638	20,638	20,638	16,285
Equity turnover £m.	292.8	292.8	292.8	292.8	292.8	292.8	323.44
Equity bargains	16,598	16,598	16,598	16,598	16,598	16,598	16,800
Shares traded (mil.)	145.3	145.3	145.3	145.3	145.3	145.3	111.9

10 am 831.5, 11 am 828.4, Noon 830.2, 1 pm 833.2, 2 pm 833.7, 3 pm 833.7, 4 pm 833.5, 5 pm 833.5.

Day's High 834.4, Day's Low 828.2.

Basic 100 Govt. Secs. 15/10/28, Fixed Int. 15/28, Ordinary 1/7/35.

Gold Mines 12/9/55, SE Activity 1974.

Latest Index 87-246 8028.

*Nil = 0.55.

HIGHS AND LOWS S.E. ACTIVITY

	1985	Since Completion	1985	Since Completion
Govt. Secs.	82.58	82.58	82.58	82.58
Fixed Int.	87.49	87.49	87.49	87.49
Ordinary	834.4	834.4	834.4	834.4
Gold Mines	401.4	401.4	401.4	401.4

321p, while BICG added 9 at 20 1/2 and Rael put on 6 to 13 1/2. STC firmed 4 to 10 1/2 and Cable and Wireless appreciated 20 to 50 1/2. GEC hardened a couple of pence more to 16 1/2, for the second consecutive session, it was announced that stockbrokers Rowe and Pitman had acquired 1m shares at 16 1/2 on the company's behalf. Elsewhere, AB Electronics, rallied 15 to 23 1/2 on rumours of an Olivetti deal; Acorn is said to owe AB around £2m. CIP Computers rose 8 to 33 1/2 following news of the sale of Harrod's to DDT for £2m. Logica firmed 13 to 13 1/2 on recovery hopes, while Sarnia DPM firmed 8 to 8 1/2, and a rumour picked up 6 to 54 1/2. Europhor moved up 10 more to 30 1/2 on further consideration of the impressive half-year figures, but the recovery of Bank, kept 6 to 38 1/2, after 36 1/2, on its half-yearly statement. BTA, recently affected by sterling's strength, rallied 10 to 39 1/2, while Keecham firmed 8 to 8 1/2, and Glaxo added 1 to 12 1/2. BOC put on 5 to 26 1/2 and Hanson Trust improved 4 to 18 1/2; it was announced yesterday that the Kuwait Investment Office now holds a near-8 per cent stake in Hanson. Secondary issues were featured by a rise of 30 to 29 1/2 in Associated British Ports Ltd, subsidiary of Rank, kept 6 to 38 1/2, after 36 1/2, on its half-yearly statement. BTA, recently affected by sterling's strength, rallied 10 to 39 1/2, while Keecham firmed 8 to 8 1/2, and Glaxo added 1 to 12 1/2. BOC put on 5 to 26 1/2 and Hanson Trust improved 4 to 18 1/2; it was announced yesterday that the Kuwait Investment Office now holds a near-8 per cent stake in Hanson. Secondary issues were featured by a rise of 30 to 29 1/2 in Associated British Ports Ltd, subsidiary of Rank, kept 6 to 38 1/2, after 36 1/2, on its half-yearly statement. BTA, recently affected by sterling's strength, rallied 10 to 39 1/2, while Keecham firmed 8 to 8 1/2, and Glaxo added 1 to 12 1/2. 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Prices at 3pm, July 11

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AMEX COMPOSITE PRICES

Only in the Financial Times

Continued on Page 37

FINANCIAL TIMES

WORLD STOCK MARKETS

WALL STREET

Weakness in dollar raises tone

THE WEAKENING in the U.S. dollar yesterday continued to help Wall Street stocks to brush off uncertainties surrounding the U.S. economy, the budget negotiations in the Senate and the policies of the Federal Reserve, writes Terry Byland in New York.

Investors were restrained, however, by nervousness in the credit markets ahead of the money supply figures, and market indices failed to break through their recent peaks.

Four-day system repurchase arrangements by the Fed suggested that this week's Open Market Committee meeting had taken a neutral stance, but bond traders believe that a surging money supply will prevent the Fed from easing policies. Federal funds remained at 7 1/4 per cent, the level of the Fed intervention, and the bond market was down.

The stock market opened with a rush, with 36m shares traded in the first hour as traders followed through the bullish trend of the previous close.

At the close the Dow Jones industrial average was up 4.61 at 1,337.70.

The market was helped by firmness in IBM, 5 1/2 better at \$123 1/2 ahead of the results which will be announced on Monday. But motor industry analysts estimated that the big three Detroit groups will report a slide of \$1bn to \$2.4bn in second-quarter earnings. Mixed reports

on June sales came from the retail sector.

The market's talking point was the decision by Coca-Cola to revive the old formula Coke, three months after replacing it with New Coke which will now be sold alongside the former product. Coca-Cola stock jumped \$1 1/4 to \$74 1/4 in heavy trading, with the market believing that overall sales will benefit by the return of old Coke.

Meanwhile Coke's arch-rival PepsiCo gained \$1 to \$58 1/4, and Wall Street settled down to watch the two beverage contenders slug it out at their respective press conferences.

Reports that Mexico had cut oil prices brought further support for airline stocks, pushing the Dow transportation average ahead by more than five points. United gained \$ 1/2 to \$55 1/4, and American, its chief rival on domestic routes, \$ 1/2 to \$48 1/4. Stock in TWA was firm again, adding \$ 1/4 to \$20 1/4 on hopes of a bid. Eastern Air Lines denied such intentions.

Defence stocks responded again to the budget impasse which improves their chances of avoiding cost-cutting measures. McDonnell Douglas jumped \$1 to \$81 1/4 and Lockheed at \$54 1/4 was \$ 1/2 higher.

Among the industrial blue chips, General Motors fell \$ 1/4 to \$69 1/4, and Ford \$ 1/4 to \$44 1/4. K mart eased \$ 1/4 to \$38 1/4 after warning that second-quarter profits might be lower, even though the board remains optimistic for the full year.

The bank reporting season made a promising start, with Chemical New York \$ 1/4 up at \$44 1/4 on higher earnings. Bank of New York eased \$ 1/4 to \$44 1/4, while Irving Bank remained unchanged at \$39 1/4, both after quarterly statements. Among the regional high-fliers, Barnett Banks of Florida eased \$ 1/4 to \$37 1/4. But the most active stock in the finan-

cial, indeed, in the whole market was CNA Financial, the insurance company which is 89 per cent owned by Leuchs Corporation. CNA added \$ 1/4 to \$58 1/4 after a massive 4.6m share block was traded at \$55 1/4.

Pharmaceutical stocks continued to respond favourably to the slide in the dollar which helps their heavy non-U.S. sales areas. Pfizer, with more than 50 per cent of sales generated outside the U.S. gained a further \$ 1/4 to \$52 1/4.

Abbott Laboratories, which opened the drug industry reporting season with news of higher earnings for the second quarter, edged up \$ 1/4 to \$59 1/4.

CBS traded unchanged at \$118 1/4 as the board's buyback programme, aimed at thwarting Mr Ted Turner, got under way. American Hospital Supply, still unfriendly towards Baxter Travenol's \$3.6bn bid offer, dipped \$ 1/4 to \$41 1/4 after disclosing sluggish results.

Levi Strauss, the jeans manufacturer, jumped \$3 to \$40 before suspension ahead of a company statement, which analysts believed may involve a leveraged buyout at \$50 a share.

In the retail sector, prices sagged as investors nervously awaited what is expected to be a disappointing round of company results.

After disclosing lower sales for June, Sears dipped \$ 1/4 to \$36 1/4, J. C. Penney \$ 1/4 to \$49 and Allied Stores \$ 1/4 to \$57 1/4. But Woolworth rose \$ 1/4 to \$45 1/4 on news that sales increased last month.

In the credit market, short-term rates rose sharply despite the Fed's intervention in the money market. Treasury bills rates gained up to 10 basis points, and federal funds remained near the day's high.

Bond prices extended early falls, to show net losses of around three quarters of a point, as the market braced itself for the money supply figures.

EUROPE

Fight back with foreign domination

FOREIGN buyers yesterday returned to dominate trading on West German and Swiss bourses and arrest the steep price declines among leading issues registered earlier this week.

The partial recovery was largely a reaction to the recent decline. Dealers believe that the markets have sufficient underlying strength to withstand similar bouts of profit-taking until a more precise trend emerges.

Banking and insurance stocks were in most demand while the West German automotive sector benefited as a whole from encouraging news from BMW and the Volkswagen subsidiary, Audi.

In Frankfurt, the Commerzbank index added 45.4 to 1,424.0, partially erasing Wednesday's 71.2 slump.

Among the banks, Deutsche added DM 19.50 to DM 578.50, Dresdner added DM 6 to DM 262.50 and Commerzbank DM 4.80 to DM 214.

Automotive stocks, which were high on dealers sell lists on Wednesday, came strongly back into favour. Daimler added DM 40 to DM 872, BMW DM 15 to DM 444 and Volkswagen DM 14.70 to DM 319.50.

High technology stock IWKA surged DM 48.30 to DM 324.80 ahead of today's annual meeting at which a management attempt to limit shareholder voting rights is expected to be opposed strongly.

Trading was active on the bond market as prices firmed. The Bundesbank sold DM 35.3m of domestic paper.

The revival in Zurich was scored on relatively low turnover. The Swiss Bank industrial index edged back towards its recent record level with a 2.6 increase to 461.1.

Prominent among bank stocks were Credit Suisse with a SwFr 50 rise to SwFr 2,930, while Union bank added SwFr 40 to SwFr 4,280 and Swiss Volksbank SwFr 20 to SwFr 1,790.

The bond market was quiet with prices generally holding their ground.

Foreign investors were active in Amsterdam, fuelling a recovery in most market sectors on higher volume.

The ANP-CBS General index advanced 3.5 to 218.5, more than recovering the previous day's decline, as investors expressed satisfaction with Wall Street's overnight performance.

KLM felt sustained international interest and closed Ft 2.80 higher at Ft 62.30 while among leading issues, Royal Dutch/Shell and Akzo each firmed Ft 1 to Ft 196.0 and Ft 117.0 respectively.

Wall Street's overnight tone also buoyed trading in Paris with news of a cut in the money market intervention rate giving additional impetus.

Reservations about Peugeot's share issue was again expressed when the

shares continued to slide away from the issue price, closing down FFfr 5.60 at FFfr 359.50.

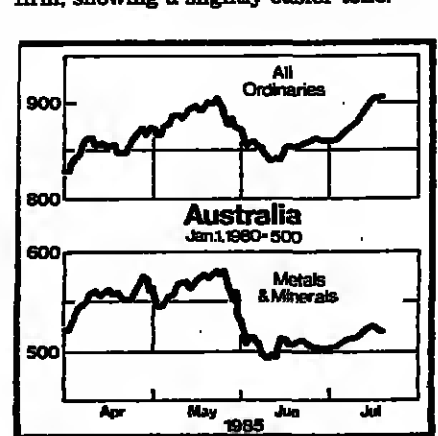
Brussels recovered from the previous day's selling and closed higher, after edging forward throughout the day.

Petrofina gained ground showing surprising resistance to the dollar's continued decline. The stock closed up Bfr 30 at Bfr 5,680.

The decision to cut the discount and penalty rates gave substance to the previous day's improvement in Stockholm, lifting the Veckans Affarer index to its highest point for 10 days with a 5.0 rise to 457.6.

Foreign interest was noted, particularly for Volvo which added Skr 14 to Skr 238.

Milan moved closer to record levels with leading industrial stocks well supported by domestic and international investors. Madrid was little changed with banks, which have been consistently firm, showing a slightly easier tone.



AUSTRALIA

New peaks reached down under

RECORD price levels were reached in Sydney yesterday for the second consecutive day as industrial stocks encountered sustained buying. The All-Ordinaries index firmed 1.1 to 907.0, while the Metals and Minerals index eased 4.7 to 519.0, demonstrating the market's clear preference for the industrial sector.

The takeover battle for retailer Myer dominated business. The company's shares rose to a peak of A\$3.12 during the afternoon before slipping sharply to end at the A\$3 bid price while the suitor G.J. Coles firmed 12 cents to A\$3.92.

The takeover boiled over to activate trading in other stocks involved in the situation with Woolworths down 10 cents to A\$3.38 and Westfield, owner of 12.5 per cent of Myer's capital, up 30 cents to A\$9.50.

More than 2.2m Wormald shares moved through the market as it added 1 cent to A\$3.91, on suggestions that a counter offer to Adelaide Steamship's bid is possible.

TOKYO

Sharp fall across broad range

BIOTECHNOLOGY, blue-chip and large-capital issues encountered sustained selling in Tokyo yesterday to send the Nikkei-Dow market average plunging below 13,000, writes Shigeo Nishizaki of Niji Press.

The 225-issue barometer shed 153.99 to 12,858.10. Turnover remained high at 742m shares, up from 698m shares on Wednesday. Declines led advances 503 to 271, with 109 issues unchanged.

Construction and cement stocks continued to firm. Heavy buying by corporations and institutional investors has followed reports that the Government intends to launch a trans-Tokyo Bay expressway construction project to stimulate domestic demand in fiscal 1986.

Obayashi added Y1 to Y364 with the third biggest trading volume of 14.02m shares. Tekken Construction, fourth busiest with 13.73m shares, jumped Y21 to Y355. Wakachiku Construction fifth with 13.31m shares, Y42 to Y489 and Kajima Corp, seventh with 11.81m shares, Y19 to Y384.

Trust and regional banks strengthened. Mitsubishi Trust gained Y80 to Y1,440 and Tokyo Maim Bank Y470 to Y4,550.

In contrast, biotechnology issues plunged on pessimistic selling with the approach of settlements for margin buying largely scheduled for August. Yamanouchi dropped Y130 to Y2,700, Daiinippon Pharmaceutical Y120 to Y3,000, and Kaken Pharmaceutical Y120 to Y2,080.

There was a general view that the dumping of biotechnology issues would continue for a while and that this would heavily influence the market's general tone.

Semiconductor-related blue chips lost ground on a wide front after reports that this year's domestic semiconductor production would show its first year-to-year decline in 10 years. Another unfavourable factor was the yen's upsurge against the U.S. dollar.

NEC slumped Y30 to Y851, Hitachi Y5 to Y700, Fujitsu Y53 to Y917, and Sony Y80 to Y3,820.

Canon was down Y90 to Y1,010 and Hoya shed Y50 to Y1,750. However, selling volume for these precision-instrument groups was relatively light.

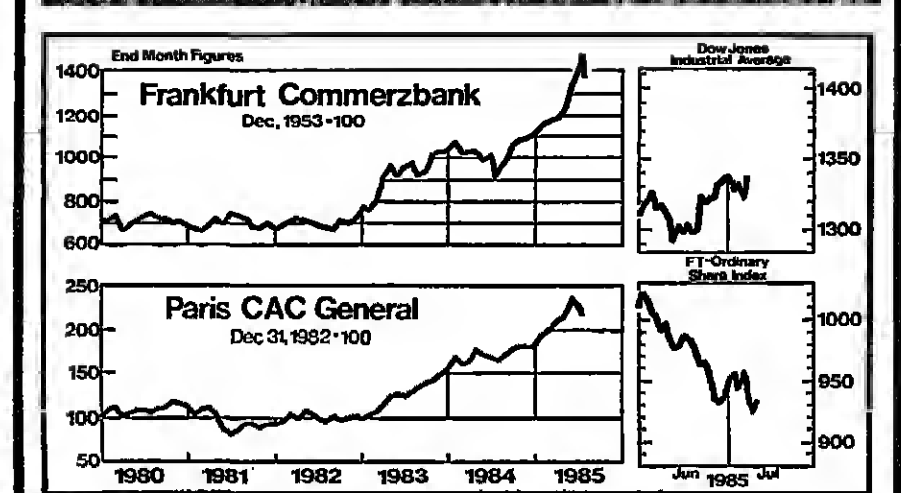
Tokyo Electric Power hit an all-time high of Y2,250 at one stage following the yen's appreciation, but slackened later, closing Y30 down at Y2,150.

Mitsui & Co. headed the most active stock list as 15.69m shares changed hands, but its price remained unchanged at Y435.

Bonds gained more ground, reflecting the yen's rise and growing expectations for a Bank of Japan discount rate cut.

The yield on the benchmark 6.8 per cent government bond due in December 1994 fell from 6.370 per cent to 6.340 per cent.

KEY MARKET MONITORS



STOCK MARKET INDICES				
	July 11	Previous	Year ago	
NEW YORK				
DJ Industrials	1,337.70	1,332.89	1,085.55	
DJ Transport	676.97	668.12	466.87	
DJ Utilities	167.78	167.42	125.05	
S&P Composite	192.25	192.36	150.56	
LONDON				
FT Ord	934.4	923.1	771.1	
FT-SE 100	1,238.4	1,230.4	1,001.7	
FT-A All-shares	597.79	584.05	464.90	
FT-A 500	648.03	644.34	501.03	
FT Gold mines	401.4	398.3	539.8	
FT-A Long gilt	104.0	104.4	104.4	
TOKYO				
Nikkei-Dow	12,858.10	13,012.09	10,354.90	
Tokyo SE	1,048.80	1,057.50	787.05	
AUSTRALIA				
All Ord.	907.0	905.9	668.2	
Metals & Mins.	519.0	523.7	415.7	
FRANCE				
Credit Aktien	97.18	97.77	53.51	
BEELGIUM				
Belgian SE	2,330.25	2,330.34	—	
CANADA				
Toronto				
Metals & Mins	1,858.0*	1,855.37	1,816.0	
Composite	2,738.1*	2,736.06	2,196.3	
Montreal				
Portfolio	134.44*	134.53	107.05	
GERMANY				
SE	211.59	209.30	185.21	
FRANCE				
CAC Gen	218.3	216.2	168.6	
Ind. Tendance	124.60	123.10	88.87	
WEST GERMANY				
FAZ-Aktien	454.51	471.57	331.15	
Commerzbank	1,424.0	1,378.6	955.1	
HONG KONG				
Hang Seng	1,337.81	1,573.41	763.61	
ITALY				
Banca Comm.	347.26	344.78	206.64	
NETHERLANDS				
ANP-CBS Gen	218.5	215.1	154.1	
ANP-CBS Ind	184.8	181.3	124.8	
NORWAY				
Olo SE	320.97	321.46	245.92	
SINGAPORE				
Straits Times	734.78	745.03	878.64	
SOUTH AFRICA				
JSE Golds	—	n/a	678.9	
JSE Industrials	—	n/a	880.3	
SPAIN				
Madrid SE	110.52	110.56	91.55	
SWEDEN				
J & P	1,322.22	1,299.23	1,478.25	
SWITZERLAND				
Swiss Bank Ind	481.1	458.3	362.3	
WORLD				
Capital Int'l	219.7	218.8	171.8	
GOLD (per ounce)				
	July 11	Prev		
London	\$314.75	\$314.75		
Zurich	\$313.75	\$314.85		
Paris (fixing)	\$313.54	\$311.96		
Luxembourg	\$313.75	\$313.40		
New York (Aug)	\$315.10	\$316.20		

CURRENCIES				
	U.S. DOLLAR	STERLING		
(London)	July 11	Previous	July 11	Previous
\$	2.9185	2.9375	1.382	1.3865
DM	243.0	243.45	335.5	337.5
FFr	8.87	8.935	12.265	12.375
SwFr	2.4335	2.45	3.3625	3.395
Outlier	3.285	3.3095	4.535	4.585
Lira	1,879.5	1,882.0	2,595.0	2,600.0
Bfr	56.8	56.25	80.9	81.95
CS	1.353	1.3515	1.8675	1.8745
INTEREST RATES				
	July 10	Prev		
Euro-currencies (3-month offered rate)				
\$	12 1/2	12 1/2		
SwFr	5 1/2	5 1/2		
DM	8 1/2	8 1/2		
FFr	10 1/2	10 1/2		
FT London Interbank fixing (offered rate)				
3-month U.S.\$	7 1/4	7 1/4		
6-month U.S.\$	8 1/4	8 1/4		
U.S. Fed Funds	7 1/4	7 1/4		
U.S. 3-month CDs	7.50	7.40		
U.S. 3-month T-bills	7.03	6.93		

U.S. BONDS				
	July 11	Prev		
Treasury				
8 1/2 1987	99 1/2	8.724	100	8.49
10 1/2 1992	101 1/2	100.68	102 1/2	9.90
11 1/2 1995	106 1/2	101.89	107 1/2	10.04
11 1/2 2015	107 1/2	104.25	108 1/2	10.30
Corporate				
AT & T				
10 1/2 Jan 1990	101 1/2	100.05	101 1/2	9.95
3 1/2 July 1990	82	8.40	81 1/2	8.575
8 1/2 May 2000	85 1/2	10.72	85 1/2	10.65
Xerox				
10 1/2 March 1993	100 1/2	10.70	101	10.45
Diamond Shamrock				
10 1/2 May 1993	100	10.75	100 1/2	10.50
Federated Dept Stores				
10 1/2 May 1993	95	11.25	95 1/2	11.10
Abbot Lab				
11 1/2 Feb 2013	103 1/2	11.35	104 1/2	11.20
Alcoa				
12 1/2 Dec 2012	93 1/2	12.05	94 1/2	11.90

FINANCIAL FUTURES				
	Latest	High	Low	Prev
CHICAGO				
U.S. Treasury Bonds (CBT)				
8 1/2 32nds of 100%				
Sept	77-11	77-27	77-08	78-00
U.S. Treasury Bills (TBM)				
\$1m points of 100%				
Sept	32.90	33.04	32.89	33.07
Certificates of Deposit (CDM)				
\$1m points of 100%				
Sept	92.27	92.44	92.24	92.48
LONDON				
Three-month Eurodollar				
\$1m points of 100%				
Sept	92.09	92.15	92.07	92.28
20-year National GB				
\$20,000 32nds of 100%				
Sept	111-24	111-25	111-12	111-17
COMMODITIES				
	July 11	Prev		
(London)				
Silver (spot fixing)	435.90p	434.25p		
Copper (cash)	\$1,046.50	\$1,046.00		
Coffee (July)	\$1,717.00	\$1,740.00		
Oil (spot Arabian light)	\$26.55	\$26.55		

HONG KONG

THE RETURN of